

**BYRON CENTER  
PUBLIC SCHOOLS  
Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended June 30, 2006

**BYRON CENTER PUBLIC SCHOOLS**  
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For the year ended June 30, 2006

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## **FINANCIAL SECTION**

Hungerford, Aldrin,  
Nichols & Carter, P.C.  

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CPAs AND CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT**

August 25, 2006

The Board of Education  
Byron Center Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Byron Center Public Schools (the "District") as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of Byron Center Public Schools as of June 30, 2006, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2006 on our consideration of Byron Center Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Byron Center Public Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hungerford, Aldrin, Nichols & Carter, P.C.*

Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



As management of the Byron Center Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

### **Overview of the Financial Statements**

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
  - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

### **District-wide Statements**

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

**Condensed District-Wide Financial Information**

The Statement of Net Assets provides financial information on the District as a whole.

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Current assets	\$ 9,303,711	\$ 13,464,052
Net capital assets	<u>87,654,377</u>	<u>84,400,627</u>
<b>Total Assets</b>	<u><b>96,958,088</b></u>	<u><b>97,864,679</b></u>
<b>Liabilities</b>		
Current liabilities	7,466,503	6,793,759
Long-term liabilities	<u>84,516,097</u>	<u>85,037,803</u>
<b>Total Liabilities</b>	<u><b>91,982,600</b></u>	<u><b>91,831,562</b></u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	1,306,604	2,428,065
Restricted	(161,982)	(328,616)
Unrestricted	<u>3,830,866</u>	<u>4,305,886</u>
<b>Total Net Assets</b>	<u><b>\$ 4,975,488</b></u>	<u><b>\$ 6,033,117</b></u>

The results of the fiscal year's operations for the District as a whole are presented in the Statement of Activities, which shows the change in total net assets for the year.

The Statement of Activities presents changes in net assets from operating results:

	2006	2005
<b>Program Revenues</b>		
Charges for services	\$ 2,030,847	\$ 2,302,041
Operating grants	3,536,717	2,800,003
<b>General Revenues</b>		
Property taxes	10,956,030	10,125,763
State school aid, unrestricted	18,379,641	17,453,681
Interest earnings	335,928	22,766
Gain (loss) on sale of capital assets	635,279	(8,474)
Other	176,552	153,781
<b>Total Revenues</b>	<b>36,050,994</b>	<b>32,849,561</b>
<b>Expenses</b>		
Instruction	18,796,686	16,221,713
Supporting services	10,585,516	10,080,913
Community services	1,474,389	1,382,167
Food service	1,118,979	1,035,696
Athletics	736,879	696,260
Other	15,882	3,175
Interest on long-term debt	4,440,292	4,246,980
<b>Total Expenses</b>	<b>37,108,623</b>	<b>33,666,904</b>
Decrease in net assets	(1,057,629)	(817,343)
<b>Net Assets - Beginning of Year</b>	<b>6,033,117</b>	<b>6,850,460</b>
<b>Net Assets - End of Year</b>	<b>\$ 4,975,488</b>	<b>\$ 6,033,117</b>

### Financial Analysis of the District as a Whole

The District's financial position is the product of many factors: growth during the year in local tax revenue, coupled with a significant increase in interest earnings due to rising interest rates, the sale of two district facilities and state aid increases due to the District's student growth. Another factor in the growth of state funding was due to a foundation increase of \$175 per student which was the first increase in three years.

The District's total revenues increased by \$3.20 million to \$36.05 million. Property taxes and unrestricted state aid accounted for most of the District's revenue, contributing about 81.4 cents of every dollar raised. Another 9.8 percent came from state and federal aid for specific programs and the remaining 8.8 percent from fees charged for services, interest earnings and other local sources. For the second consecutive year, this represents a shift in funding patterns to restrict the dollars we receive for specific goals that are determined by the state and federal government.

The total cost of all programs and services rose \$3.44 million to \$37.1 million. The District's expenses are predominantly related to instructing, pupil services, athletics, food service and for the transporting of students (66.07 percent). The District's administrative and business activities accounted for 6.8 percent, operation & maintenance, technology and other business services accounted for 10.8 percent and the community services and BCTV 4.07 percent of the total costs. Interest on long-term debt accounted for 12.26 percent of total District expenses.

Total expenses surpassed revenues, decreasing net assets by \$1,057,629 from last year. This is a significant reduction from the previous fiscal year, as the District entered into a Voluntary Severance Plan for teaching staff in the amount of \$900,000. This increase in the long-term debt of the District is an effort to save annually in teaching salaries.

The recent good health of the District's finances can be credited to innovative management changes and:

- The continued growth in the homestead and non-homestead properties within the District boundaries.
- For the sixth year in a row the District's student F.T.E. (full time equivalent) has grown.

September	Student FTE	Percentage
2000	118	4.9%
2001	126	5.0%
2002	154	5.8%
2003	92	3.4%
2004	138	4.8%
2005	70	2.3%

- Rising real estate values led to a 8.2 percent increase in property tax revenues, despite the fact that tax rates remained unchanged. The increase in property tax revenues is beneficial for the District for cash flow of the General Fund, improvements to the district with building and site fund dollars and for the payment of debt service.
- The cost of all governmental activities this year was \$37.11 million.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$3.5 million.
- Most of the District's costs (\$30.5 million), however, were financed by the District and State taxpayers.
- This portion of governmental activities was financed with \$10.96 million in property taxes, \$18.38 million of unrestricted state aid based on the statewide education aid formula, investment earnings, and other local sources.
- Voters have approved millages according to State of Michigan law for debt service and building and site for the construction of buildings and additions. The construction has been done with no increase in the millage rate to the taxpayers and without the use of General Fund monies to ensure the classroom and educational facilities are available to meet the needs of the students of Byron Center.

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### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Scholarship Funds and Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

### **Financial Analysis of the District's Funds**

The District uses funds to record and analyze financial information. Byron Center Public School's funds are described as follows:

#### **Major Funds**

##### General Fund

The General Fund is the District's primary operating fund. The General Fund had total revenues of \$27,645,262, other financing sources of \$223,866, total expenditures of \$26,981,889 and total other financing uses of \$468,841. The district ended the fiscal year with an increase in fund balance for a total fund balance of \$4,444,291 up from \$4,025,893 at June 30, 2005. The increase was due primarily to the following factors: A change in the timing of the distribution of federal funds for Medicaid Fee for Service in the amount of \$101,300; an increase in 70 students that enrolled in September of 2005 helped to offset the operating costs of opening the remodeled Nickels Intermediate School; and the district's effort to not expend funds even though they were budgeted. At the same time the district increased the K-12 Fine Arts Director from .50 to 1.0 F.T.E.; the 5-12 Curriculum Director from .50 to 1.0 F.T.E., and added additional Read 180 licenses for our special needs students to help improve reading comprehension.

##### 2001 Construction Fund

The District's ongoing \$47 million improvement project is funded by bonds issued in November, 2001 and accounted for in the 2001 Construction Fund. Premiums on matured investments totaled \$138,447 and ongoing construction/equipment expenditures totaled \$4,385,836, leaving a remaining fund balance at June 30, 2006 of \$1,076,686 with which to complete the projects over the next fiscal year.

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## **Nonmajor Funds**

### Special Revenue Funds

The District operates four Special Revenue Funds, for the food service, athletics programs, VanSingel Fine Arts Center and community service programs. Total revenue of all Special Revenue Funds was \$2,275,182 with total expenditures of \$2,632,648 and total other financing sources of \$468,841. The ending fund balances were \$319,542. Of the ending fund balances, \$63,733 is attributable to the VanSingel Fine Arts Center Fund, Community Service Fund of \$171,696, Food Service Fund of \$52,056 and the Athletic Fund of \$32,057.

### Debt Service Funds

The District operates five Debt Service Funds. Total revenues were \$5,470,722, and other financing sources (including state school bond loan proceeds) were \$1,353,744. Total expenditures were \$6,804,918. The ending fund balances in the Debt Service Funds totaled \$307,837.

### Capital Projects Funds

There is one nonmajor Capital Projects Fund incorporated into the financial statements of the District, the Building and Site (Sinking) Fund. Revenues totaled \$816,454 (including \$760,576 of property taxes collected) and loan proceeds totaled \$715,000. Expenditures totaled \$1,369,049. The ending fund balance was \$142,026.

### Fiduciary Funds

The Student Activities Fund and the Scholarship Funds are operated as Fiduciary Funds of the District. The assets of these funds are being held for the benefit of the District's students. Balances on hand at June 30, 2006 totaled \$200,374. The Student Activities Fund's portion was \$187,452, and the Scholarship Fund's was \$12,922.

## **General Fund Budgetary Highlights**

Over the course of the year, District revised the annual operating budget one time. The budget amendment was a result of the following:

- Changes made in June were for increases in the student enrollment that determined the amount of foundation grant or state school aid was to be received, changes in other revenue sources, appropriations to prevent budget overruns and final expenditures as were necessary for actual activity that occurred during the fiscal year.
- However, \$93,394 of this has been designated for projects that were in process at the end of the fiscal year that were included in the 2005-06 budget and \$47,193 was designated for BCTV.
- Actual revenues were \$60,893 higher than expected, due largely to a change in the receipt of the Medicaid Fee for Service that was received in 2005-06 which would normally have been received in September of 2006. This receipt amounted to \$99,394 of revenue that was collected earlier than anticipated. As a result there was a positive affect in the revenues budgeted even though local tax dollars remained uncollected, State and federal grants were not expended and therefore could not be requested before the close of the fiscal year.
- Actual expenditures were \$501,447 below budget, due primarily to \$140,587 of projects that were in process, grant monies deferred to 2006-07 because they were not spent in the amount of \$99,042 and budgets of less than 1.0% that were not spent.

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## **Capital Asset and Debt Administration**

### **Capital Assets**

By the end of 2006, the District had invested \$107 million in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. This amount represents a net increase of \$5.26 million, or 5.2 percent from last year. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.) Total depreciation expense for the year was \$2.6 million.

The District's 2005-06 capital budget spending for completed projects totaled \$10.6 million, principally in four areas:

- \$140,000 for the high school
- \$7.7 million for the intermediate school
- \$2.25 million for the central services building and
- \$65,000 for the middle school

The intermediate school was completed in August and opened for the 2005-06 school year. The central services building will open in the summer of 2006 to house the District's administrative offices, technology, maintenance and operations, food service and other services to be determined.

At June 30, 2006, the District's investment in capital assets (net of accumulated depreciation), increasing approximately \$3.3 million over the previous year-end, is detailed as follows:

Land	\$ 3,716,233
Land improvements	8,474,511
Buildings and additions	69,425,123
Furniture and equipment	4,578,663
Vehicles	902,654
Equipment under capital leases	102,834
Construction in progress	<u>454,359</u>
<b>Net Capital Assets</b>	<b><u>\$ 87,654,377</u></b>

### **Long-Term Debt**

At year end, the District had total long-term debt of \$87.8 million of which the largest portion is \$74.72 million in general obligation bonds.

- The District continued to pay down its debt, retiring \$2.98 million of outstanding bonds, loans and leases.
- The District completed payments for the capital lease purchase of copiers on October 21, 2006. During the 2005-06 fiscal year the District purchased four buses by using the installment purchase agreement process. The District borrowed a total of \$223,866 to be paid over the next four years with the final payment due on October 4, 2009.



- The District has obtained a total of \$11,772 million from the Michigan School Bond Loan Fund for payment of annual maturities of its general obligation bonds as of June 30, 2006. The District borrowed \$1,353,744 during the fiscal year to meet bond obligations which is included in the total borrowed. The District is not required to make payments to the Michigan School Bond fund until the taxable value of the District increases to a point where it is able to make the debt payments and has funds available. The law requires that with our current debt structure the loan be paid back no later than five years before the retirement of the 2001 bond issue.
- The District's other long term obligations are for accumulated sick and vacation leave in the amount of \$112,060 and for a Voluntary Severance Plan which was implemented during the 2005-06 fiscal year. The total obligation for the district is for \$900,000. Payments will be made over four installments beginning in October 2006.

The District's bond rating for General Obligation, Unlimited Tax debt remains "A2" from Moody's Investors Service and "A+" from Standard & Poor's. The District's rating for General Obligation, Limited Tax debt remains "Aaa". The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within a district's boundaries. We present more detailed information about our long-term liabilities in the Notes to Basic Financial Statements.

### **Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of seven existing circumstances that could significantly affect its financial health in the future:

- The District is plaintiff with other urban school districts in a lawsuit against the State, seeking to rectify inequities in the formula the State uses to apportion special education aid to school districts.
- The District's growth in student count has helped the District in the last six years to increase programs and staff. However, student count is a variable that is hard to predict. The unknown factor of how many students will come to the District each year presents many challenges and opportunities for the District.
- During the 2005-06 the District received \$7,497 per student in State funds in the form of a foundation allowance. This was an increase of 2.39% over the previous year. However, the district had received the same foundation grant for the previous three years, which has not kept up with the rate of inflation. At the close of the fiscal year the State had not adopted a State Aid Bill for the funding of education for the 2006-07 school year. The uncertainty of State funding continues to be a challenge as the District must plan programs and services for our students when we do not know the amount of revenue we will receive from our primary source.
- Byron Township implemented a Local Development Finance Authority several years ago to assist businesses in the community. By establishing the authority it enabled the businesses to use the non-homestead millage they paid to go directly to the State of Michigan instead of the District. These funds were used to pay for the bonds which financed the improvements to the infrastructure needed to open the businesses. In turn, the State of Michigan reimbursed the District for this loss in revenue. Currently, the State of Michigan is in the process of auditing five years of the Township's LDFA calculations. Depending on their findings this could result in payments due to the Township and/or in prior year adjustments in the District's state aid.



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- During the 2005-06 school year the District and staff have continued to evaluate health insurance coverages to evaluate other opportunities for reasonable health care coverage to become effective for the 2006-07 school year.
  - The District, along with all other districts, will need to meet the Federal and State Standards for AYP (Adequate Yearly Progress) and NCLB (No Child Left Behind). It is unknown to us at this time the total cost to insure that our curriculum and our staff meet the guidelines set by the State and Federal mandates.
  - With the beginning of the 2006-07 school year the District will open a newly remodeled administrative services facility and health science academy. Final plans have been made and estimated operational costs have been projected. However the true cost of how this will affect operations and maintenance will not be known until there is history to base the actual costs.

#### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Byron Center Public Schools, 8542 Byron Center Avenue SW, Byron Center, MI 49315. Contact by e-mail: [businessmgr@bcpsk12.net](mailto:businessmgr@bcpsk12.net). Contact by phone: (616) 878-6100.

## **BASIC FINANCIAL STATEMENTS**

**BYRON CENTER PUBLIC SCHOOLS**  
**Statement of Net Assets**  
**June 30, 2006**

	Governmental Activities
<b>Assets</b>	
<b>Current Assets</b>	
Cash equivalents, deposits and investments (Note B)	\$ 4,968,136
Taxes receivable (Note C)	115,290
Accounts receivable	31,885
Due from other governmental units (Note C)	3,900,735
Inventory (Note A)	14,518
Prepaid expenses	273,147
<b>Total Current Assets</b>	<u>9,303,711</u>
<b>Noncurrent Assets</b>	
Capital assets (Note E)	107,007,979
Less accumulated depreciation	<u>(19,353,602)</u>
<b>Total Noncurrent Assets</b>	<u>87,654,377</u>
<b>Total Assets</b>	<u>96,958,088</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	462,629
Due to other governmental units	588,492
Accrued interest payable	648,042
Salaries payable	1,402,691
Deferred revenue	190,110
Current portion of long term obligations	4,174,539
<b>Total Current Liabilities</b>	<u>7,466,503</u>
<b>Noncurrent Liabilities</b> (Notes A, F)	
General obligation bonds payable	74,720,000
Tax anticipation loan payable	715,000
State school bond loan payable	11,772,033
Installment purchase agreements payable	471,543
Voluntary severance plan	900,000
Accumulated sick leave	112,060
Current portion of long term obligations	<u>(4,174,539)</u>
<b>Total Noncurrent Liabilities</b>	<u>84,516,097</u>
<b>Total Liabilities</b>	<u>91,982,600</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	1,306,604
Restricted for:	
Debt service	(308,361)
Capital projects	146,379
Unrestricted	<u>3,830,866</u>
<b>Total Net Assets</b>	<u><u>\$ 4,975,488</u></u>

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Statement of Activities**  
**For the year ended June 30, 2006**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 18,796,686	\$ -	\$ 2,582,063	\$(16,214,623)
Supporting services	10,525,516	42,837	530,130	(9,952,549)
Community services	1,474,389	1,081,250	76,536	(316,603)
Food service	1,118,979	708,057	347,988	(62,934)
Athletics	736,879	198,703	-	(538,176)
Other	15,882	-	-	(15,882)
Interest on long-term debt	4,440,292	-	-	(4,440,292)
<b>Total Governmental Activities</b>	<b>\$ 37,108,623</b>	<b>\$ 2,030,847</b>	<b>\$ 3,536,717</b>	<b>(31,541,059)</b>
<b>General Revenues</b>				
Taxes:				
Property taxes, levied for general operations				4,819,492
Property taxes, levied for debt service				5,380,762
Property taxes, levied for capital improvements				755,776
State school aid, unrestricted				18,379,641
Interest and investment earnings				335,928
Gain on sale of capital assets				635,279
Other				176,552
<b>Total General Revenues</b>				<b>30,483,430</b>
<b>Change in Net Assets</b>				<b>(1,057,629)</b>
<b>Net Assets - Beginning of Year</b>				<b>6,033,117</b>
<b>Net Assets - End of Year</b>				<b>\$ 4,975,488</b>

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2006**

	General	2001 Construction	Nonmajor	Total
<b>Assets</b>				
Cash equivalents, deposits and investments (Note B)	\$2,982,490	\$1,147,214	\$ 838,432	\$ 4,968,136
Receivables:				
Taxes (Note C)	79,093	-	36,197	115,290
Accounts	6,318	-	25,567	31,885
Due from other governmental units (Note C)	3,893,044	-	7,691	3,900,735
Inventory (Note A)	-	-	14,518	14,518
Prepaid expenditures	1,795	-	17,235	19,030
<b>Total Assets</b>	<u>\$6,962,740</u>	<u>\$1,147,214</u>	<u>\$ 939,640</u>	<u>\$ 9,049,594</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 380,059	\$ 70,528	\$ 11,112	\$ 461,699
Due to other funds (Note D)	-	-	930	930
Due to other governmental units	586,492	-	2,000	588,492
Salaries payable	1,402,691	-	-	1,402,691
Deferred revenue	149,207	-	156,193	305,400
<b>Total Liabilities</b>	<u>2,518,449</u>	<u>70,528</u>	<u>170,235</u>	<u>2,759,212</u>
<b>Fund Balances</b>				
Reserved for:				
Debt service	-	-	307,837	307,837
Capital outlay	-	1,076,686	142,026	1,218,712
Unreserved:				
Designated for debt service	93,394	-	-	93,394
Designated for Byron Center television	47,193	-	-	47,193
Undesignated, reported in:				
General fund	4,303,704	-	-	4,303,704
Special revenue funds	-	-	319,542	319,542
<b>Total Fund Balances</b>	<u>4,444,291</u>	<u>1,076,686</u>	<u>769,405</u>	<u>6,290,382</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$6,962,740</u>	<u>\$1,147,214</u>	<u>\$ 939,640</u>	<u>\$ 9,049,594</u>

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**June 30, 2006**

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<b>Total governmental fund balances</b>		\$ 6,290,382
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$107,007,979 and accumulated depreciation is \$19,353,602.		
		87,654,377
Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue.		
		254,117
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$(74,720,000)	
Tax anticipation loan payable	(715,000)	
State school bond loan	(11,772,033)	
Installment purchase agreements	(471,543)	
Voluntary severance plan	(900,000)	
Accumulated sick leave	(112,060)	(88,690,636)
Accrued interest is not included as a liability in governmental funds.		(648,042)
Deferred revenue recognized as revenue in the full accrual statements:		
Property taxes		<u>115,290</u>
<b>Total net assets - governmental activities</b>		<u><u>\$ 4,975,488</u></u>

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2006**

	General	2001 Construction	Nonmajor	Total
<b>Revenues</b>				
Local sources	\$ 6,153,428	\$ 138,447	\$ 8,137,834	\$14,429,709
State sources	18,845,282	-	54,784	18,900,066
Federal sources	692,062	-	293,204	985,266
Interdistrict sources	1,954,490	-	76,536	2,031,026
<b>Total Revenues</b>	<u>27,645,262</u>	<u>138,447</u>	<u>8,562,358</u>	<u>36,346,067</u>
<b>Expenditures</b>				
Current:				
Instruction	15,348,855	-	-	15,348,855
Supporting services	9,392,806	-	-	9,392,806
Community services	423,610	-	992,817	1,416,427
Food service	-	-	1,011,298	1,011,298
Athletics	-	-	628,533	628,533
Capital outlay	-	4,385,836	1,327,044	5,712,880
Debt service:				
Principal repayment	122,628	-	2,820,000	2,942,628
Interest and fiscal charges	14,319	-	4,026,923	4,041,242
Interdistrict	1,679,671	-	-	1,679,671
<b>Total Expenditures</b>	<u>26,981,889</u>	<u>4,385,836</u>	<u>10,806,615</u>	<u>42,174,340</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>663,373</u>	<u>(4,247,389)</u>	<u>(2,244,257)</u>	<u>(5,828,273)</u>
<b>Other Financing Sources (Uses)</b>				
Loan proceeds	223,866	-	2,068,744	2,292,610
Transfers in	-	-	468,841	468,841
Transfers out	(468,841)	-	-	(468,841)
<b>Total Other Financing Sources (Uses)</b>	<u>(244,975)</u>	<u>-</u>	<u>2,537,585</u>	<u>2,292,610</u>
<b>Net Change in Fund Balances</b>	<u>418,398</u>	<u>(4,247,389)</u>	<u>293,328</u>	<u>(3,535,663)</u>
<b>Fund Balances, Beginning of Year</b>	<u>4,025,893</u>	<u>5,324,075</u>	<u>476,077</u>	<u>9,826,045</u>
<b>Fund Balances, End of Year</b>	<u>\$ 4,444,291</u>	<u>\$1,076,686</u>	<u>\$ 769,405</u>	<u>\$ 6,290,382</u>

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2006**

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**Net change in fund balances - total governmental funds** \$ (3,535,663)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

	Capital outlays	\$ 6,018,418	
	Depreciation expense	<u>(2,628,750)</u>	3,389,668

On the Statement of Activities proceeds from the sale of capital assets are replaced by the gain (loss) on the transaction. (135,916)

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. (120,167)

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets. (2,713,274)

Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue. (15,883)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of bonds	2,820,000		
Repayment of installment purchase agreements	122,628		
Repayment of capital leases	<u>30,924</u>		2,973,552

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. 21,613

In the Statement of Net Assets, accumulated sick leave is measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits earned (\$928,090) exceeded the amounts used/paid (\$6,531). (921,559)

**Total changes in net assets - governmental activities** \$ (1,057,629)

See accompanying notes to basic financial statements.



**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 5,190,702	\$ 6,159,174	\$ 6,153,428	\$ (5,746)
State sources	17,744,497	18,792,266	18,845,282	53,016
Federal sources	646,098	789,526	692,062	(97,464)
Interdistrict sources	1,690,418	1,843,403	1,954,490	111,087
<b>Total Revenues</b>	<b>25,271,715</b>	<b>27,584,369</b>	<b>27,645,262</b>	<b>60,893</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	12,616,513	12,832,185	12,724,081	108,104
Added needs	2,585,032	2,682,081	2,624,774	57,307
Supporting services:				
Pupil services	526,875	611,777	597,873	13,904
Instructional staff services	772,139	806,821	773,220	33,601
General administrative services	753,152	711,690	666,763	44,927
School administrative services	1,587,010	1,549,210	1,524,764	24,446
Business services	291,365	374,170	370,273	3,897
Operation and maintenance services	3,608,986	3,545,855	3,489,188	56,667
Pupil transportation services	1,098,698	1,370,641	1,348,227	22,414
Central services	603,408	653,045	622,498	30,547
Community services	457,879	484,737	423,610	61,127
Debt service:				
Principal repayment	-	122,628	122,628	-
Interest and fiscal charges	-	14,366	14,319	47
Interdistrict	1,888,287	1,736,838	1,679,671	57,167
<b>Total Expenditures</b>	<b>26,789,344</b>	<b>27,496,044</b>	<b>26,981,889</b>	<b>514,155</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>(1,517,629)</b>	<b>88,325</b>	<b>663,373</b>	<b>575,048</b>
<b>Other Financing Sources (Uses)</b>				
Loan proceeds	-	223,866	223,866	-
Transfers out	(460,616)	(456,755)	(468,841)	(12,086)
<b>Total Other Financing Sources (Uses)</b>	<b>(460,616)</b>	<b>(232,889)</b>	<b>(244,975)</b>	<b>(12,086)</b>
<b>Net Change in Fund Balances</b>	<b>(1,978,245)</b>	<b>(144,564)</b>	<b>418,398</b>	<b>562,962</b>
<b>Fund Balances, July 1</b>	<b>4,025,893</b>	<b>4,025,893</b>	<b>4,025,893</b>	<b>-</b>
<b>Fund Balances, June 30</b>	<b>\$ 2,047,648</b>	<b>\$ 3,881,329</b>	<b>\$ 4,444,291</b>	<b>\$ 562,962</b>

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2006**

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	Private Purpose Trust Fund	Agency Fund
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash equivalents, deposits and investments (Note B)	\$ 12,922	\$ 186,522
Due from other funds (Note D)	<u>-</u>	<u>930</u>
<b>Total Assets</b>	<u><u>\$ 12,922</u></u>	<u><u>\$ 187,452</u></u>
 <b>Liabilities</b>		
Due to student groups	<u>-</u>	<u><u>\$ 187,452</u></u>
 <b>Net Assets</b>		
Held in trust for:		
Individuals and organizations	<u><u>\$ 12,922</u></u>	

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the year ended June 30, 2006**

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	Private Purpose Trust Fund
<b>Additions</b>	
Interest earnings	<u>\$ 377</u>
<b>Deductions</b>	
Endowment activities - scholarships	<u>300</u>
<b>Change In Net Assets</b>	77
<b>Net Assets, Beginning of Year</b>	<u>12,845</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 12,922</u></u>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

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## **Note A – Summary of Significant Accounting Policies**

Byron Center Public Schools was organized under the School Code of the State of Michigan and services a population of approximately 3,095 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, preschool programs, athletic activities, special education, vocational education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Byron Center Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

### **1. Reporting Entity**

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

### **2. District-Wide and Fund Financial Statements**

**District-Wide Financial Statements** - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

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Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the 2001 Construction Capital Projects Fund are the District's major funds. Non-major funds are aggregated and presented in a single column.

**Fund Financial Statements** – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

### **3. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

#### **Governmental Funds**

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

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*General Fund*—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

*Special Revenue Funds*—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

*School Service Funds*—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service, Athletic, Community Service, and VanSingel Fine Arts Center Funds.

*Debt Service Funds*—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

*Capital Projects Funds*—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. For capital project activities funded with sinking fund millage, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

### **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus. The District presently maintains scholarship funds for the benefit of students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

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#### **4. Budgets and Budgetary Accounting**

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Byron Center Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations lapse at the end of the fiscal year.

Byron Center Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Business Manager to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

#### **5. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

#### **6. Investments**

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.



**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

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**7. Inventory**

Inventories are valued at cost (first-in, first-out). Inventories of the General Fund consist of teaching and custodial supplies. Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

**8. Capital Assets**

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and additions, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and additions	40-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

**9. Long-Term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**10. Accumulated Sick Leave/Voluntary Severance Plan**

Accumulated sick leave and voluntary severance at June 30, 2006 has been computed and recorded in the basic financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused sick days. At June 30, 2006, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for accumulated sick leave and voluntary severance amounted to \$112,060 and \$900,000, respectively.

**11. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

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**12. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

**13. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note B – Cash Equivalents, Deposits and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2006 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Assets:  
Governmental activities

\$4,968,136

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

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Fiduciary Funds:	
Agency Fund	\$ 199,444
	<u>\$ 5,167,580</u>

**Cash Equivalents and Deposits**

Depositories actively used by the District during the year are detailed as follows:

1. Byron Bank
2. Comerica Bank

Cash equivalents consist of bank interest earning super NOW accounts. Deposits consist of certificates of deposit.

Balances at June 30, 2006 related to cash equivalents and deposits are detailed in the Basic Financial Statements as follows:

Cash equivalents	\$ 1,525,733
Deposits	<u>1,411,010</u>
	<u>\$ 2,936,743</u>

*Custodial credit risk*

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$2,936,743 and the bank balance was \$3,673,548. Of the bank balance, \$200,000 was covered by federal depository insurance and \$4,473,548 was uninsured.

**Investments**

As of June 30, 2006 the District had the following investments:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Investment Pool Accounts:		
Comerica Bank	\$ 1,147,214	\$ 1,188,748
Michigan Liquid Asset Fund	<u>1,083,623</u>	<u>1,083,623</u>
	<u>\$ 2,230,837</u>	<u>\$ 2,272,371</u>

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

*Credit Risk*

The District's investments in the Comerica Bank and Michigan Liquid Asset Fund investment pools were unrated.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

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*Interest Rate Risk*

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements. The District's investment policy requires that maturities do not exceed two (2) years.

*Concentration of Credit Risk*

The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by allowing no more than fifty percent (50%) of the total current investment portfolio to be invested in any one type of security

*Foreign Currency Risk*

The District is not authorized to invest in investments which have this type of risk.

## **Note C – State School Aid/Property Taxes**

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2005 ad valorem State Education Taxes generated within the Byron Center Public School District, and paid to the State of Michigan, totaled \$4,205,289.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2005 and September 2005. The 2005-06 "Foundation Allowance" for Byron Center Public Schools was \$7,497 for 3,079 "Full Time Equivalent" students, generating \$18,741,582 in state aid payments to the District of which \$3,417,294 was paid to the District in July and August, 2006 and included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund of the District.

Property taxes for the District are levied July 1 and December 1 under a split-levy system by the City of Wyoming, the Townships of Byron and Dorr, and the Charter Township of Gaines. The taxes are then collected by each governmental unit and remitted to the District. The Counties of Kent and Allegan, through their Delinquent Tax Revolving Fund, advance all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

<b>Tax Year</b>	<b>General Fund</b>	<b>Debt Service Funds</b>	<b>Building and Site Fund</b>	<b>Total</b>
2005	\$ 8,513	\$ 3,312	\$ 465	\$ 12,290
2004	19,956	8,214	994	29,164
2003	50,624	20,318	2,894	73,836
	<u>\$ 79,093</u>	<u>\$ 31,844</u>	<u>\$ 4,353</u>	<u>\$ 115,290</u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

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Taxes uncollected after three years from the date of levy, unless material in amount, are written off the books of the District.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Byron Center Public Schools' electors had previously (June 14, 1993) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2005.

The District levied 7.0 mills in 2005 for debt service purposes and .9835 mills for building and site, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases are limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A, taxable property is now divided into two categories: homestead and non-homestead.

Homestead property is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-homestead property is considered to be all property not qualifying for a homestead exemption, which includes all commercial and industrial property. Non-homestead property is subject to all District levies.

#### **Note D – Interfund Receivables/Payables and Transfers**

Amounts due from (to) other funds representing interfund receivables and payables, resulting from expenditures during the month of June 2006, which had not been reimbursed prior to June 30, 2006, are detailed as follows:

	<b>Due From</b>	<b>Due To</b>
<b>Special Revenue Funds</b>		
Athletics Fund:		
Student Activities Agency Fund	\$ —	\$ 930
<b>Fiduciary Fund</b>		
Student Activities Agency Fund:		
Athletics Fund	930	—
<b>Total All Funds</b>	<u>\$ 930</u>	<u>\$ 930</u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

Interfund transfers during the year ended June 30, 2006 were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>General Fund</b>		
Special Revenue Funds:		
Athletics Fund	\$ —	\$ 456,321
VanSingel Fine Arts Center Fund	—	12,520
	<hr/>	<hr/>
Total General Fund	—	468,841
<b>Special Revenue Funds</b>		
Athletics Fund:		
General Fund	456,321	—
VanSingel Fine Arts Center Fund:		
General Fund	12,520	—
	<hr/>	<hr/>
Total Special Revenue Funds	468,841	—
	<hr/>	<hr/>
<b>Total All Funds</b>	\$ 468,841	\$ 468,841

Interfund transfers are essential to maintain the Special Revenue Funds of the District. The transfers assist each fund with payroll and employee benefits for coaches, food service employees, and child care workers. The transfer for the Van Singel Fine Arts Fund also includes a pro-ration for the cost of utilities for non-school use of the Van Singel Fine Arts Center. The District's intent is to appropriate expenditures to these funds on an actual basis to show the true costs of operation for these programs. By making the interfund transfer these expenditures can be allocated to each program as they occur.

## Note E – Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	<b>Balances July 1, 2005</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2006</b>
Capital assets not depreciated:				
Land	\$ 3,747,798	\$ —	\$ 31,565	\$ 3,716,233
Construction in progress	7,514,237	5,711,541	12,771,419	454,359
Capital assets being depreciated:				
Land improvements	10,507,928	2,506,108	435,110	12,578,926
Buildings and additions	71,740,069	8,925,145	214,882	80,450,332
Furniture and equipment	6,215,439	1,423,177	—	7,638,616
Vehicles	1,765,811	223,866	77,258	1,912,419
Equipment under capital leases	257,094	—	—	257,094
	<hr/>	<hr/>	<hr/>	<hr/>
Totals at historical cost	101,748,376	\$18,789,837	\$13,530,234	107,007,979

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

	<b>Balances July 1, 2005</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2006</b>
Less accumulated depreciation for:				
Land improvements	\$ 4,116,276	\$ 423,249	\$ 435,110	\$ 4,104,415
Buildings and additions	9,638,471	1,501,130	114,392	11,025,209
Furniture and equipment	2,528,854	531,099	—	3,059,953
Vehicles	961,308	121,852	73,395	1,009,765
Equipment under capital leases	102,840	51,420	—	154,260
Total accumulated depreciation	<u>17,347,749</u>	<u>\$ 2,628,750</u>	<u>\$ 622,897</u>	<u>19,353,602</u>
<b>Net Capital Assets</b>	<u><u>\$ 84,400,627</u></u>			<u><u>\$ 87,654,377</u></u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	2,110,906
Supporting services	244,040
Community services	57,962
Food service	107,497
Athletics	108,345
	<u>\$ 2,628,750</u>

**Note F – Long-term Debt**

Amounts available and to be provided for outstanding long-term debt at June 30, 2006 are summarized as follows:

	<b>Bond Issues</b>	<b>Tax Anticipation Loan</b>	<b>State School Bond Loan</b>	<b>Installment Purchase Agreements</b>	<b>Voluntary Severance Plan/ Accumulated Sick Leave</b>	<b>Total</b>
<b>Amount Available For Retirement Of Long-Term Debt</b>						
Debt Service Funds	\$ 307,837	\$ —	\$ —	\$ —	\$ —	\$ 307,837
<b>Amounts To Be Provided For Retirement Of Long-Term Debt</b>						
General Fund	—	—	—	471,543	1,012,060	1,483,603
Debt Service Funds	74,412,163	—	11,772,033	—	—	86,184,196
Capital Projects Fund	—	715,000	—	—	—	715,000
<b>Total Amounts Available and To Be Provided</b>	<u><u>\$74,720,000</u></u>	<u><u>\$ 715,000</u></u>	<u><u>\$11,772,033</u></u>	<u><u>\$ 471,543</u></u>	<u><u>\$ 1,012,060</u></u>	<u><u>\$88,690,636</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

Changes in long-term debt for the year ended June 30, 2006 are summarized as follows:

	<b>Debt Outstanding July 1, 2005</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2006</b>
General obligation bonds:				
May 1, 1995	\$ 2,760,000	\$ —	\$ —	\$ 2,760,000
May 1, 1997	400,000	—	200,000	200,000
May 1, 1998	24,235,000	—	1,470,000	22,765,000
November 13, 2001	44,775,000	—	1,075,000	43,700,000
March 2, 2005	5,370,000	—	75,000	5,295,000
Tax anticipation loan:				
July 28, 2005	—	715,000	—	715,000
State school bond loan	9,997,625	1,774,408	—	11,772,033
Installment purchase agreements	370,305	223,866	122,628	471,543
Capital leases	30,924	—	30,924	—
Voluntary severance plan	—	900,000	—	900,000
Accumulated sick leave	90,501	28,090	6,531	112,060
	<u>\$ 88,029,355</u>	<u>\$ 3,641,364</u>	<u>\$ 2,980,083</u>	<u>\$ 88,690,636</u>

Long-term bonds, installment purchase agreements and capital leases at June 30, 2006 are comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>				
\$37,690M Building and Site May 1, 1995: Annual maturities of \$1,380M	May 1, 2009	8.25	\$ 2,760,000	\$ —
\$5,730M Building and Site May 1, 1997: Annual maturities of \$200M	May 1, 2007	6.90	200,000	200,000
\$24,895M Refunding May 1, 1998: Annual maturities of \$110M to \$1,580M	May 1, 2024	5.40 – 8.25	22,765,000	1,470,000
\$47,170M Building and Site November 13, 2001: Annual maturities of \$1,225M to \$1,800M	May 1, 2031	5.00 – 5.50	43,700,000	1,225,000
\$5,370M Refunding March 2, 2005: Annual maturities of \$110M to \$365M	May 1, 2022	2.75 – 4.00	5,295,000	110,000
<b>Tax Anticipation Loan</b>				
\$715M Building & Site July 28, 2005: Annual maturity of \$715M	June 1, 2007	3.49	715,000	715,000
<b>Installment Purchase Agreements</b>				
\$206M School Buses December 15, 2003: Annual maturity of \$35,537	December 15, 2006	2.98	35,537	35,537
\$265M School Buses July 28, 2005: Annual maturity of \$53,035	July 30, 2009	3.43	212,140	53,035
\$265M School Buses July 28, 2004: Annual maturities of \$55,967	Oct. 4, 2009	3.30	223,866	55,967
			<u>\$ 75,906,543</u>	<u>\$ 3,864,539</u>



**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

The District is required to obtain loans from the Michigan School Bond Loan fund for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year the District borrowed \$1,353,744 and accrued interest of \$420,664 was added to the District's liability to the Fund. At June 30, 2006, the District owed the Fund a total of \$11,772,033.

The annual requirements to pay principal and interest on long-term bonds and installment purchase agreements outstanding at June 30, 2006 are as follows:

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 3,864,539	\$ 3,849,742	\$ 7,714,281
2008	3,269,001	3,675,169	6,944,170
2009	3,469,002	3,481,120	6,950,122
2010	3,689,001	3,270,361	6,959,362
2011	3,680,000	3,099,884	6,779,884
2012	3,715,000	2,924,372	6,639,372
2013	3,730,000	2,734,928	6,464,928
2014	3,720,000	2,541,458	6,261,458
2015	3,705,000	2,347,718	6,052,718
2016	3,500,000	2,154,750	5,654,750
2017	3,500,000	1,974,350	5,474,350
2018	3,490,000	1,794,000	5,284,000
2019	3,475,000	1,614,150	5,089,150
2020	3,470,000	1,444,050	4,914,050
2021	3,460,000	1,274,200	4,734,200
2022	3,445,000	1,104,850	4,549,850
2023	3,070,000	936,250	4,006,250
2024	3,055,000	782,750	3,837,750
2025	1,800,000	630,000	2,430,000
2026	1,800,000	540,000	2,340,000
2027	1,800,000	450,000	2,250,000
2028	1,800,000	360,000	2,160,000
2029	1,800,000	270,000	2,070,000
2030	1,800,000	180,000	1,980,000
2031	1,800,000	90,000	1,890,000
	<u>\$ 75,906,543</u>	<u>\$ 43,524,102</u>	<u>\$119,430,645</u>

On March 2, 2005, the District issued \$5,370,000 in general obligation bonds with an average interest rate of 3.76254% to advance refund \$5,240,000 of outstanding 1995 and 1997 general obligation bonds. The net proceeds were deposited with an escrow agent and used to purchase United States government securities. Under the terms of the agreement these securities, together with the interest earned to maturity, will be sufficient to pay

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

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principal and interest as it becomes due. This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the debt. These funds are not commingled with other funds and cannot be redeemed prior to maturity. Any excess funds will be returned to the District upon final payment of principal and interest (Scheduled to be May 1, 2007). This defeasance procedure allows the District to remove the related assets and liabilities from its financial statements, which it has done. The assets, now held by the escrow agent to be used for the remaining principal and interest due of \$4,365,800 on the defeased debt at June 30, 2006 are detailed in the following schedule:

	<u>Cost</u>	<u>Market Value</u>	<u>Par Value</u>
U.S. Government Securities	<u>\$ 4,070,035</u>	<u>\$ 4,070,035</u>	<u>\$ 4,070,035</u>

### **Note G – Retirement Plan**

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2006 was \$15,684,651. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPERS plan. The contribution rate was 14.87% for the fiscal year ending September 30, 2005 and 16.34% for the fiscal year beginning October 1, 2005. The District's contributions to the plan for the fiscal years ended June 30, 2006, 2005 and 2004 were \$2,527,871, \$2,230,700 and \$1,872,549, respectively.

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPERS does not make separate measurements of assets and actuarial accrued liability for individual schools. The actuarial accrued liability at September 30, 2004 (the latest reporting date available expressed as \$ in millions) for the MPERS as a whole, determined through an actuarial valuation performed as of that date, was \$46,317. The MPERS' net assets available for benefits on that date were \$38,784 leaving an unfunded pension benefit obligation of \$7,533. Ten year historical trend information showing the MPERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2005 Annual Report of the MPERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2006**

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The total actuarial accrued liability (expressed as \$ in millions) increased by \$1,548 from September 30, 2003 to September 30, 2004. Not included in the pension benefit obligation above is any future obligation attributable to health, dental and vision insurance benefits which are funded on a cash disbursement basis. With the passage of Act 279 of 1996, making permanent the cash basis financing of health, dental and vision benefits, actuarially calculated liabilities for these benefits are no longer disclosed on the balance sheets.

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan (MIP). Effective January 1, 1990, all new employees are automatically enrolled in MIP. Participants in MIP, who receive benefits in addition to those available under the Basic Plan, contribute a percentage of salary. The graduated contribution rate is based on total wages and is calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. MIP members may retire at any age with 30 years of service, or at age 60 with 5 years of service, with benefits based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants.

Post-employment benefits for health, dental, and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS as discussed above.

#### **Note H – Risk Management and Benefits**

The District is a member of the West Michigan Risk Management Trust, a self-insurance program with districts pooling together to insure property, liability and auto exposure. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$175,000 and \$865,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$116,829 in premiums to the Trust for the year ended June 30, 2006.

The District is also a member of the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$300,000 of any workers' compensation or employers' liability loss out of a \$1,833,000 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2006, there were no material pending claims against the District. The District paid \$149,589 in premiums to the Fund for the year ended June 30, 2006.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **Note I – Commitments**

On November 13, 2001, the District issued \$47,170,000 of general obligation building and site bonds whose proceeds are being used for land purchases, building renovations and additions and furniture and equipment purchases. At June 30, 2006, unspent balances committed to this construction project totaled approximately \$1,150,000, which are expected to be fully expended by the year ended June 30, 2007.

## **SUPPLEMENTAL INFORMATION**

## **GENERAL FUND**

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 2,982,490	\$ 2,812,564
Receivables:		
Taxes	79,093	162,327
Accounts	6,318	8,630
Due from other funds	-	57,717
Due from other governmental units	3,893,044	3,471,027
Prepaid expenditures	<u>1,795</u>	<u>1,660</u>
<b>Total Assets</b>	<u><u>\$ 6,962,740</u></u>	<u><u>\$ 6,513,925</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 380,059	\$ 417,274
Due to other funds	-	9,942
Due to other governmental units	586,492	444,915
Salaries payable	1,402,691	1,320,033
Deferred revenue	<u>149,207</u>	<u>295,868</u>
<b>Total Liabilities</b>	<u>2,518,449</u>	<u>2,488,032</u>
 <b>Fund Balances</b>		
Unreserved:		
Designated for projects in progress	93,394	47,476
Designated for Byron Center television	47,193	36,072
Undesignated	<u>4,303,704</u>	<u>3,942,345</u>
<b>Total Fund Balances</b>	<u>4,444,291</u>	<u>4,025,893</u>
 <b>Total Liabilities and Fund Balances</b>	<u><u>\$ 6,962,740</u></u>	<u><u>\$ 6,513,925</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Local sources:		
Property taxes:		
Current property taxes	\$ 4,850,535	\$ 4,557,339
Delinquent property taxes	34,952	27,600
Interest on delinquent taxes	17,239	9,391
	<u>4,902,726</u>	<u>4,594,330</u>
Interest earnings:		
Interest on deposits and investments	104,942	52,649
Other local revenue:		
Summer school tuition	7,200	8,910
Field trips	9,733	15,282
Cablevision fees	85,721	85,265
Pool fees	63,569	73,718
Universal service credit	37,387	-
Rental of school facilities	16,325	11,910
Donations	-	10,608
Sale of school property	810,184	5,600
Township reimbursements	28,990	28,889
Refunds of expenditures	72,595	84,191
Miscellaneous	14,056	5,348
	<u>1,145,760</u>	<u>329,721</u>
Total local sources	6,153,428	4,976,700
State sources:		
State aid	18,756,691	17,811,336
FICA/retirement reimbursement	24,163	24,163
School improvement	1,958	1,958
Special education - itinerants	62,470	-
Total state sources	<u>18,845,282</u>	<u>17,837,457</u>
Federal sources:		
Title I	36,196	-
Title IIA	93,360	83,851
Title V	1,230	1,755
I.D.E.A. program	542,443	525,477
Medicaid - school based	4,037	1,032
Homeland security	7,473	298
Drug free schools	7,323	3,670
Total federal sources	<u>692,062</u>	<u>616,083</u>
Interdistrict sources:		
Special education - county	1,291,946	1,163,370
Special education - transportation	467,660	383,692
Special education - other local districts	43,947	42,061
Vocational education	-	138,338
Durant settlement reimbursements	23,234	21,107
Medicaid fee for service	126,874	13,620
Career preparation	-	18,500
Other	829	302
Total interdistrict sources	<u>1,954,490</u>	<u>1,780,990</u>
<b>Total Revenues</b>	<u><u>\$ 27,645,262</u></u>	<u><u>\$ 25,211,230</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries:		
Teachers	\$ 2,887,155	\$ 2,776,302
Recreation/coaches	2,783	-
Substitutes	53,636	110,362
Severance pay	-	8,361
Employee benefits:		
Employee insurance	615,485	567,294
Tuition reimbursement	3,311	2,426
Retirement	473,849	424,633
Social Security	227,047	223,180
Workers' compensation insurance	10,957	11,483
Unemployment compensation	13	-
Cash in lieu of benefits	29,610	24,117
Local travel	394	429
Workshops and conferences	751	318
Equipment repair and maintenance	14,217	9,613
Equipment lease	5,916	17,748
Teaching supplies	99,453	118,446
Textbooks	10,111	45,446
Miscellaneous supplies	2,566	4,161
New equipment and furniture	-	5,608
Miscellaneous	4,422	150
	4,441,676	4,350,077
Middle school:		
Salaries:		
Teachers	2,692,121	2,502,415
Paraprofessionals	28,196	33,373
Substitutes	51,032	83,168
Employee benefits:		
Employee insurance	562,985	496,710
Tuition reimbursement	4,848	4,705
Retirement	447,839	385,585
Social Security	214,252	202,829
Workers' compensation insurance	10,216	10,226
Unemployment compensation	19	-
Cash in lieu of benefits	34,277	34,169
Local travel	1,079	793
Workshops and conferences	1,149	1,346
Equipment repair and maintenance	11,700	11,313
Equipment lease	5,916	20,223
Teaching supplies	64,147	67,653
Textbooks	41,111	29,167
Miscellaneous supplies	4,833	2,871
New equipment and furniture	39,666	400
Dues and fees	1,104	765
Miscellaneous	2,799	100
	4,219,289	3,887,811

(Continued)



**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
High school:		
Salaries:		
Teachers	\$ 2,564,596	\$ 2,515,445
Paraprofessionals	8,990	9,208
Substitutes	42,263	44,291
Employee benefits:		
Employee insurance	534,034	489,801
Tuition reimbursement	4,859	6,858
Retirement	422,115	377,252
Social Security	201,740	197,893
Workers' compensation insurance	9,649	9,834
Unemployment compensation	181	1,568
Cash in lieu of benefits	30,554	28,330
Local travel	493	629
Tuition	16,725	37,920
Equipment repair and maintenance	15,865	15,124
Equipment lease	9,152	27,455
Teaching supplies	63,650	72,431
Textbooks	25,776	45,944
Miscellaneous supplies	21,191	11,358
New equipment and furniture	18,338	86,404
Dues and fees	845	-
Miscellaneous	250	50
	3,991,266	3,977,795
At risk preschool:		
Salaries:		
Teachers	15,059	18,605
Paraprofessionals	7,789	6,662
Employee benefits:		
Tuition reimbursement	894	828
Retirement	3,680	3,657
Social Security	1,793	1,933
Workers' compensation insurance	102	157
Cash in lieu of benefits	585	-
Local travel	1,048	764
Workshops and conferences	678	1,303
Equipment repair and maintenance	-	269
Teaching supplies	9,070	2,627
Miscellaneous supplies	30,743	2,452
New equipment and furniture	-	1,910
Dues and fees	409	-
	71,850	41,167
Total basic programs	12,724,081	12,256,850
Added needs:		
Special education:		
Salaries:		
Teachers	964,922	957,667
Paraprofessionals	342,555	355,823
Substitutes	19,505	29,443
Severance pay	-	2,152

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Special education: (Continued)		
Employee benefits:		
Employee insurance	\$ 280,529	\$ 268,995
Tuition reimbursement	1,619	2,268
Retirement	214,296	197,628
Social Security	103,704	105,061
Workers' compensation insurance	5,293	4,760
Unemployment compensation	614	-
Cash in lieu of benefits	32,370	29,640
Contracted services	-	100
Local travel	2,473	564
Workshops and conferences	2,097	2,212
Equipment maintenance and repair	-	156
Teaching supplies	32,755	19,205
Miscellaneous supplies	212	2,539
New equipment and furniture - depreciable	2,408	1,670
New equipment and furniture - non depreciable	-	9,763
	<u>2,005,352</u>	<u>1,989,646</u>
Compensatory education:		
Salaries:		
Teachers	50,360	23,378
Paraprofessionals	121,571	121,521
Employee benefits:		
Employee insurance	13,395	-
Retirement	27,648	21,155
Social Security	13,153	11,085
Workers' compensation insurance	612	639
Unemployment compensation	3,066	-
Local travel	100	800
Workshops and conferences	100	-
Equipment repair and maintenance	5,600	-
Teaching supplies	29,932	67,854
	<u>265,537</u>	<u>246,432</u>
Vocational education:		
Teachers salaries	212,825	168,839
Employee benefits:		
Employee insurance	40,628	23,463
Retirement	34,415	25,104
Social Security	16,452	13,386
Workers' compensation insurance	858	652
Cash in lieu of benefits	3,614	3,779
Workshops and conferences	2,626	3,483
Equipment repair and maintenance	-	529
Teaching supplies	33,855	14,615
Textbooks	-	1,615
Miscellaneous supplies	-	1,044
New equipment and furniture	8,612	37,756
	<u>353,885</u>	<u>294,265</u>
Total added needs	2,624,774	2,530,343

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Supporting services:		
Pupil services:		
Guidance services:		
Salaries:		
Counselors	\$ 241,679	\$ 252,305
Paraprofessionals	30,582	27,985
Employee benefits:		
Employee insurance	36,811	43,563
Other special leave payments	-	2,000
Retirement	43,969	37,075
Social Security	21,380	22,075
Workers' compensation insurance	986	1,025
Cash in lieu of benefits	7,193	6,268
Local travel	237	269
Workshops and conferences	583	456
Teaching supplies	15,183	24,462
Dues and fees	130	275
	398,733	417,758
Physical therapist services:		
Physical therapist salary	1,404	840
Employee benefits:		
Retirement	-	125
Social Security	107	64
Local travel	1,030	861
Workshops and conferences	190	-
Teaching supplies	1,067	4,215
	3,798	6,105
Psychological services:		
Salaries:		
Psychologists	39,300	-
Severance pay	3,000	-
Employee benefits:		
Retirement	6,369	-
Social Security	3,236	-
Professional services	24,739	1,253
Teaching supplies	601	826
New equipment and furniture	-	1,402
	77,245	3,481
Speech pathology services:		
Speech pathologists salaries	-	1,675
Employee benefits:		
Tuition reimbursement	172	-
Retirement	-	249
Social Security	-	128
Contracted services	65	-
Local travel	972	895
Workshops and conferences	468	260
Teaching supplies	1,688	3,010
Miscellaneous supplies	-	100
New equipment and furniture	2,408	-
	5,773	6,317

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Social worker services:		
Local travel	\$ 633	\$ -
Workshops and conferences	898	444
Teaching supplies	1,037	689
Miscellaneous supplies	144	100
New equipment and furniture	-	2,362
	<u>2,712</u>	<u>3,595</u>
Teacher consultant services:		
Local travel	-	247
Workshops and conferences	138	255
Teaching supplies	369	448
Miscellaneous supplies	-	50
New equipment and furniture	-	1,505
	<u>507</u>	<u>2,505</u>
Other pupil services:		
Paraprofessionals salaries	85,437	83,228
Employee benefits:		
Retirement	13,823	12,303
Social Security	6,535	6,367
Workers' compensation insurance	3,310	3,653
	<u>109,105</u>	<u>105,551</u>
Total pupil services	597,873	545,312
Instructional staff services:		
Improvement of instruction:		
Stipends	21,508	20,655
Employee benefits:		
Retirement	3,197	2,638
Social Security	1,642	1,516
Workers' compensation insurance	25	-
Employee training and development services	4,108	-
Workshops and conferences	26,135	39,144
Other purchased services	-	17,878
Supplies	5,659	958
	<u>62,274</u>	<u>82,789</u>
Educational media services:		
Salaries:		
Librarians	68,042	66,709
Assistants	72,611	81,227
Employee benefits:		
Employee insurance	13,395	12,407
Retirement	22,754	21,807
Social Security	10,759	11,316
Workers' compensation insurance	578	558
Equipment repair and maintenance	1,924	1,397
Library books	13,041	15,574
Periodicals	6,457	3,182
Supplies	7,742	9,566
	<u>217,303</u>	<u>223,743</u>

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Supervision and direction of instruction:		
Salaries:		
Directors	\$ 265,685	\$ 242,218
Clerical	38,334	37,683
Severance pay	-	5,000
Employee benefits:		
Employee insurance	52,719	42,374
Tuition reimbursement	1,788	2,075
Board paid annuities	6,000	10,000
Retirement	44,062	36,400
Social Security	23,121	21,342
Workers' compensation insurance	1,090	1,038
Contracted services	1,268	1,125
Local travel	4,340	2,313
Workshops and conferences	690	1,251
Telephone	1,752	931
Periodicals	1,195	-
Office supplies	1,831	1,323
Miscellaneous supplies and materials	202	-
New equipment and furniture	2,408	1,204
Dues and fees	1,252	873
Miscellaneous	500	-
	448,237	407,150
Academic student assessment:		
Salaries:		
Teachers	1,127	-
Testing administrators	14,000	-
Paraprofessionals	3,448	5,834
Employee benefits:		
Employee insurance	1,134	-
Retirement	2,984	868
Social Security	1,405	446
Workers' compensation insurance	16	-
Other purchased services	21,292	-
	45,406	7,148
Total instructional staff services	773,220	720,830
General administrative services:		
Board of education:		
Board members salaries	2,970	4,020
Legal services	9,805	7,040
Audit services	25,775	25,225
Election expenses	6,449	4,088
Local travel	3,497	4,618
Workshops and conferences	1,508	-
Printing and binding	-	1,000
Other purchased services	15,185	19,184
Dues and fees	4,430	4,221
Miscellaneous	520	4,589
	70,139	73,985

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Executive administration:		
Salaries:		
Superintendent	\$ 123,234	\$ 123,076
Assistant superintendent	104,545	102,495
Clerical	116,269	109,642
Employee benefits:		
Employee insurance	58,485	54,692
Tuition reimbursement	-	2,693
Board paid annuities	14,259	14,077
Retirement	57,215	50,106
Social Security	22,424	24,651
Workers' compensation insurance	1,134	1,193
Cash in lieu of benefits	2,307	2,345
Other employee benefits	-	21,060
Other professional and technical services	800	-
Local travel	9,220	10,170
Workshops and conferences	4,912	6,929
Telephone	1,877	1,969
Mailing and postage	18,448	15,236
Advertising	880	1,630
Printing and binding	1,000	510
Equipment repair and maintenance	6,394	5,783
Equipment rental	1,722	5,165
Other purchased services	5,041	6,861
Office supplies	16,456	16,991
New equipment and furniture	2,903	4,386
Dues and fees	11,134	10,518
Miscellaneous	15,965	19,039
	<u>596,624</u>	<u>611,217</u>
Total general administrative services	666,763	685,202
School administrative services:		
Office of the principal:		
Salaries:		
Principals	652,742	641,449
Clerical	331,634	322,545
Employee benefits:		
Employee insurance	159,477	153,790
Tuition reimbursement	3,599	4,928
Board paid annuities	24,000	24,000
Retirement	157,789	143,037
Social Security	76,857	75,245
Workers' compensation insurance	3,118	2,978
Cash in lieu of benefits	21,560	22,567
Local travel	6,957	4,557
Workshops and conferences	1,898	2,064
Telephone	4,023	4,448
Postage	12,266	14,927
Equipment repair and maintenance	11,679	13,705
Equipment rental	8,610	25,825

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Office of the principal: (Continued)		
Supplies	\$ 34,802	\$ 48,021
Miscellaneous	13,753	18,367
Total school administrative services	1,524,764	1,522,453
Business services:		
Fiscal services:		
Salaries:		
Director	85,000	77,500
Accounting	80,886	80,058
Employee benefits:		
Employee insurance	30,302	25,085
Tuition reimbursement	1,788	1,769
Board paid annuities	5,000	5,000
Retirement	27,268	23,492
Social Security	13,019	12,441
Workers' compensation insurance	345	394
Cash in lieu of benefits	5,336	5,099
Local travel	1,004	1,015
Workshops and conferences	430	144
Telephone	488	493
Equipment repair and maintenance	980	1,475
Office supplies	3,672	1,961
Miscellaneous supplies	266	140
Dues and fees	305	140
	256,089	236,206
Other business services:		
Student insurance	12,334	10,753
Tax refunds	101,850	65,379
	114,184	76,132
Total business services	370,273	312,338
Operation and maintenance services:		
Operation and maintenance:		
Salaries:		
Supervisor	74,571	70,826
Other technical	5,400	-
Clerical	7,401	-
Custodial	1,042,435	1,013,193
Employee benefits:		
Employee insurance	355,735	296,111
Board paid annuities	2,500	1,000
Retirement	177,966	153,780
Social Security	87,254	82,539
Workers' compensation insurance	46,136	46,805
Unemployment compensation	813	-
Cash in lieu of benefits	5,316	3,303
Other employee benefits	4,752	4,780
Other professional services	34,800	52,200
Local travel	5,978	5,108

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Operation and maintenance: (Continued)		
Workshops and conferences	\$ 1,913	\$ 1,679
Telephone	61,893	61,045
Water and sewer	46,937	46,126
Waste and trash disposal	25,706	20,612
Property insurance	109,790	110,524
Vehicle insurance	1,820	1,812
Land/building repair and maintenance	127,648	88,876
Equipment repair and maintenance	68,763	54,021
Vehicle repair and maintenance	6,747	6,985
Other repair and maintenance	181	-
Equipment rental	54,195	50,222
Technology related equipment	995	9,965
Heating	317,218	257,421
Electricity	576,277	550,248
Gasoline, oil and grease	12,005	9,113
Vehicle repair parts	695	363
Custodial supplies	147,950	176,062
New equipment and furniture	28,905	43,358
Dues and fees	2,194	1,783
	<u>3,442,889</u>	<u>3,219,860</u>
Security services:		
Contracted services	42,685	49,109
Telephone	495	557
Equipment rental	2,814	2,457
Miscellaneous supplies	305	-
	<u>46,299</u>	<u>52,123</u>
Total operation and maintenance services	3,489,188	3,271,983
Pupil transportation services:		
Pupil transportation:		
Salaries:		
Supervisor	45,979	45,077
Drivers	571,025	570,346
Mechanics	43,619	43,059
Clerical	2,867	3,822
Employee benefits:		
Employee insurance	20,389	15,055
Employee physicals	2,656	2,667
Retirement	106,661	96,148
Social Security	51,167	51,614
Workers' compensation insurance	37,349	36,113
Unemployment compensation	1,719	-
Cash in lieu of benefits	5,302	5,018
Other employee benefits	985	1,170
Local travel	212	265
Workshops and conferences	2,636	1,981
Contracted transportation	9,602	6,831
Telephone	976	1,221
Vehicle insurance	8,859	10,872

(Continued)



**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Pupil transportation: (Continued)		
Vehicle repair and maintenance	\$ 39,628	\$ 40,993
Equipment repair and maintenance	6,340	-
Gasoline, oil and grease	119,749	89,613
Tires, tubes and batteries	16,836	9,247
Vehicle repair parts	19,508	14,784
Other transportation supplies	8,439	11,164
New school buses	223,866	265,175
Dues and fees	740	195
Miscellaneous	1,118	1,624
Total pupil transportation services	1,348,227	1,324,054
Central services:		
Marketing:		
Manager salary	50,375	49,387
Employee benefits:		
Employee insurance	13,849	14,315
Board paid annuities	4,000	3,000
Retirement	8,685	8,304
Social Security	3,804	4,134
Workers' compensation insurance	194	193
Local travel	685	1,004
Workshops and conferences	-	443
Telephone	488	493
Postage and mailings	12,446	8,498
Advertising	16,949	8,083
Printing and binding	26,457	25,798
Miscellaneous supplies	3,425	2,803
	141,357	126,455
Staff services:		
Staff training	-	1,500
Other professional and technical services	3,257	-
Workshops and conferences	19,531	17,894
Dues and fees	-	2,498
Miscellaneous	35	-
	22,823	21,892
Technology services:		
Salaries:		
Technology director	43,350	21,087
Network administrator	58,822	57,669
Technicians	39,247	47,377
Employee benefits:		
Employee insurance	34,572	29,780
Board paid annuities	2,500	1,000
Retirement	21,677	18,113
Social Security	10,824	9,649
Workers' compensation insurance	483	345
Contracted services	11,445	40,207
Local travel	2,158	1,532
Workshops and conferences	2,400	-

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Technology services: (Continued)		
Telephone	\$ 1,633	\$ 1,625
Copyright fees and software licenses	22,236	-
Equipment repair and maintenance	42,945	6,611
Internet service provider	11,880	11,844
Supplies	36,036	67,463
New equipment and furniture	116,110	65,432
	<u>458,318</u>	<u>379,734</u>
Total central services	622,498	528,081
Community services:		
Community pool:		
Salaries:		
Director	33,070	33,057
Instructors	73,196	81,670
Clerical	15,777	15,366
Teaching assistants	4,095	4,435
Custodial	34,157	25,705
Employee benefits:		
Employee insurance	34,350	27,582
Retirement	21,842	20,443
Social Security	12,264	12,260
Workers' compensation insurance	2,568	2,552
Unemployment compensation	44	-
Officials	500	570
Local travel	2,854	3,427
Workshops and conferences	-	150
Telephone	427	542
Printing and binding	-	67
Water and sewage	4,084	4,181
Land/building repair and maintenance	6,944	3,858
Equipment repair and maintenance	6,458	8,211
Supplies	14,042	14,388
Heating	25,408	20,325
Electricity	41,996	44,884
Dues and fees	689	979
	<u>334,765</u>	<u>324,652</u>
Byron Center television:		
Salaries:		
Director	30,347	29,244
Paraprofessionals	13,337	17,116
Employee benefits:		
Employee insurance	13,775	9,260
Retirement	6,685	6,345
Social Security	3,342	3,547
Workers' compensation insurance	117	117
Equipment repair and maintenance	1,642	1,016
Vehicle repair and maintenance	-	933
Teaching supplies	987	1,672
Gasoline, oil and grease	223	153

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Byron Center television: (Continued)		
Miscellaneous supplies	\$ 636	\$ 640
New equipment and furniture	3,516	7,466
	<u>74,607</u>	<u>77,509</u>
Non-public school pupils:		
Paraprofessional salaries	601	-
Employee benefits:		
Retirement	98	-
Social Security	46	-
Workers' compensation insurance	3	-
Employee training and development services	1,025	-
Local travel	587	260
Workshops and conferences	10,062	2,624
Supplies	1,816	232
	<u>14,238</u>	<u>3,116</u>
Total community services	423,610	405,277
Debt service:		
Principal repayment	122,628	67,664
Interest and fiscal charges	14,319	9,013
Total debt service	136,947	76,677
Interdistrict:		
Special education - tuition	372,442	264,205
Special education - transportation	561,383	541,850
Special education - itinerant services	695,732	788,246
Special education services	50,114	47,961
Total interdistrict	<u>1,679,671</u>	<u>1,642,262</u>
<b>Total Expenditures</b>	<u><u>\$ 26,981,889</u></u>	<u><u>\$ 25,821,662</u></u>

## **NONMAJOR FUNDS**

**BYRON CENTER PUBLIC SCHOOLS**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2006**

Assets	Special Revenue			
	Food Service	Athletics	Community Service	VanSingel Fine Arts Center
Cash equivalents, deposits and investments	\$ 36,670	\$ 16,184	\$ 251,806	\$ 83,909
Receivables:				
Taxes	-	-	-	-
Accounts	4,020	21,547	-	-
Due from other governmental units	7,691	-	-	-
Inventory	14,518	-	-	-
Prepaid expenditures	-	-	-	17,235
<b>Total Assets</b>	<b>\$ 62,899</b>	<b>\$ 37,731</b>	<b>\$ 251,806</b>	<b>\$ 101,144</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,186	\$ 4,020	\$ -	\$ 5,906
Due to other funds	-	930	-	-
Due to other governmental units	976	724	300	-
Deferred revenue	8,681	-	79,810	31,505
<b>Total Liabilities</b>	<b>10,843</b>	<b>5,674</b>	<b>80,110</b>	<b>37,411</b>
<b>Fund Balances</b>				
Reserved for debt service	-	-	-	-
Reserved for capital outlay	-	-	-	-
Unreserved:				
Undesignated	52,056	32,057	171,696	63,733
<b>Total Fund Balances</b>	<b>52,056</b>	<b>32,057</b>	<b>171,696</b>	<b>63,733</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 62,899</b>	<b>\$ 37,731</b>	<b>\$ 251,806</b>	<b>\$ 101,144</b>

Debt Service					Capital Projects	
1995	1997	1998	2001	2005	Building and Site	Total
\$ 33,769	\$ 28,858	\$ 188,102	\$ 37,220	\$ 19,888	\$ 142,026	\$ 838,432
8,086	3,347	10,307	9,868	236	4,353	36,197
-	-	-	-	-	-	25,567
-	-	-	-	-	-	7,691
-	-	-	-	-	-	14,518
-	-	-	-	-	-	17,235
<u>\$ 41,855</u>	<u>\$ 32,205</u>	<u>\$ 198,409</u>	<u>\$ 47,088</u>	<u>\$ 20,124</u>	<u>\$ 146,379</u>	<u>\$ 939,640</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,112
-	-	-	-	-	-	930
-	-	-	-	-	-	2,000
8,086	3,347	10,307	9,868	236	4,353	156,193
<u>8,086</u>	<u>3,347</u>	<u>10,307</u>	<u>9,868</u>	<u>236</u>	<u>4,353</u>	<u>170,235</u>
33,769	28,858	188,102	37,220	19,888	-	307,837
-	-	-	-	-	142,026	142,026
-	-	-	-	-	-	319,542
<u>33,769</u>	<u>28,858</u>	<u>188,102</u>	<u>37,220</u>	<u>19,888</u>	<u>142,026</u>	<u>769,405</u>
<u>\$ 41,855</u>	<u>\$ 32,205</u>	<u>\$ 198,409</u>	<u>\$ 47,088</u>	<u>\$ 20,124</u>	<u>\$ 146,379</u>	<u>\$ 939,640</u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2006**

	Special Revenue			
	Food Service	Athletics	Community Service	VanSingel Fine Arts Center
<b>Revenues</b>				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Interest earnings	2,309	821	5,458	3,350
Sales and admissions	708,057	198,703	-	123,864
Other local sources	-	-	691,787	116,309
Total local sources	710,366	199,524	697,245	243,523
State sources	54,784	-	-	-
Federal sources	293,204	-	-	-
Interdistrict sources	-	-	-	76,536
<b>Total Revenues</b>	<b>1,058,354</b>	<b>199,524</b>	<b>697,245</b>	<b>320,059</b>
<b>Expenditures</b>				
Current:				
Community services	-	-	574,283	418,534
Food service	1,011,298	-	-	-
Athletics	-	628,533	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,011,298</b>	<b>628,533</b>	<b>574,283</b>	<b>418,534</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>47,056</b>	<b>(429,009)</b>	<b>122,962</b>	<b>(98,475)</b>
<b>Other Financing Sources</b>				
Loan proceeds	-	-	-	-
Transfers in	-	456,321	-	12,520
<b>Total Other Financing Sources</b>	<b>-</b>	<b>456,321</b>	<b>-</b>	<b>12,520</b>
<b>Net Change in Fund Balances</b>	<b>47,056</b>	<b>27,312</b>	<b>122,962</b>	<b>(85,955)</b>
<b>Fund Balances, July 1</b>	<b>5,000</b>	<b>4,745</b>	<b>48,734</b>	<b>149,688</b>
<b>Fund Balances, June 30</b>	<b>\$ 52,056</b>	<b>\$ 32,057</b>	<b>\$ 171,696</b>	<b>\$ 63,733</b>

Debt Service					Capital Projects	
1995	1997	1998	2001	2005	Building and Site	Total
\$ 192,882	\$ 202,672	\$ 2,702,469	\$ 2,022,251	\$ 292,621	\$ 760,576	\$ 6,173,471
3,612	5,279	35,411	9,874	3,651	32,252	102,017
-	-	-	-	-	-	1,030,624
-	-	-	-	-	23,626	831,722
196,494	207,951	2,737,880	2,032,125	296,272	816,454	8,137,834
-	-	-	-	-	-	54,784
-	-	-	-	-	-	293,204
-	-	-	-	-	-	76,536
196,494	207,951	2,737,880	2,032,125	296,272	816,454	8,562,358
-	-	-	-	-	-	992,817
-	-	-	-	-	-	1,011,298
-	-	-	-	-	-	628,533
-	-	-	-	-	1,327,044	1,327,044
-	200,000	1,470,000	1,075,000	75,000	-	2,820,000
228,119	28,521	1,208,322	2,283,459	236,497	42,005	4,026,923
228,119	228,521	2,678,322	3,358,459	311,497	1,369,049	10,806,615
(31,625)	(20,570)	59,558	(1,326,334)	(15,225)	(552,595)	(2,244,257)
-	-	-	1,353,744	-	715,000	2,068,744
-	-	-	-	-	-	468,841
-	-	-	1,353,744	-	715,000	2,537,585
(31,625)	(20,570)	59,558	27,410	(15,225)	162,405	293,328
65,394	49,428	128,544	9,810	35,113	(20,379)	476,077
\$ 33,769	\$ 28,858	\$ 188,102	\$ 37,220	\$ 19,888	\$ 142,026	\$ 769,405



**BYRON CENTER PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2006**

	2006		Variance -
	Budget	Actual	Positive (Negative)
<b>Revenues</b>			
Local sources	\$ 706,884	\$ 710,366	\$ 3,482
State sources	54,784	54,784	-
Federal sources	298,825	293,204	(5,621)
<b>Total Revenues</b>	<u>1,060,493</u>	<u>1,058,354</u>	<u>(2,139)</u>
<b>Expenditures</b>			
Current:			
Food service	<u>1,026,470</u>	<u>1,011,298</u>	<u>15,172</u>
<b>Net Change in Fund Balances</b>	34,023	47,056	13,033
<b>Fund Balances, July 1</b>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 39,023</u></u>	<u><u>\$ 52,056</u></u>	<u><u>\$ 13,033</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2006**

	2006		Variance -
	Budget	Actual	Positive (Negative)
<b>Revenues</b>			
Local sources	\$ 202,860	\$ 199,524	\$ (3,336)
<b>Expenditures</b>			
Current:			
Athletics	648,610	628,533	20,077
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(445,750)	(429,009)	16,741
<b>Other Financing Sources</b>			
Transfers in	464,235	456,321	(7,914)
<b>Net Change in Fund Balances</b>	18,485	27,312	8,827
<b>Fund Balances, July 1</b>	4,745	4,745	-
<b>Fund Balances, June 30</b>	\$ 23,230	\$ 32,057	\$ 8,827

**BYRON CENTER PUBLIC SCHOOLS**  
**Community Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2006**

	2006		Variance -
	Budget	Actual	Positive (Negative)
<b>Revenues</b>			
Local sources	\$ 669,435	\$ 697,245	\$ 27,810
<b>Expenditures</b>			
Current:			
Community services	594,329	574,283	20,046
<b>Net Change in Fund Balances</b>	75,106	122,962	47,856
<b>Fund Balances, July 1</b>	48,734	48,734	-
<b>Fund Balances, June 30</b>	<u>\$ 123,840</u>	<u>\$ 171,696</u>	<u>\$ 47,856</u>

**BYRON CENTER PUBLIC SCHOOLS**  
**VanSingel Fine Arts Center Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2006**

	2006		Variance -
	Budget	Actual	Positive (Negative)
<b>Revenues</b>			
Local sources	\$ 239,564	\$ 243,523	\$ 3,959
Interdistrict sources	76,536	76,536	-
<b>Total Revenues</b>	<u>316,100</u>	<u>320,059</u>	<u>3,959</u>
<b>Expenditures</b>			
Current:			
Community services	<u>426,517</u>	<u>418,534</u>	<u>7,983</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(110,417)</u>	<u>(98,475)</u>	<u>11,942</u>
<b>Other Financing Sources</b>			
Transfers in	<u>12,520</u>	<u>12,520</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(97,897)</u>	<u>(85,955)</u>	<u>11,942</u>
<b>Fund Balances, July 1</b>	<u>149,688</u>	<u>149,688</u>	<u>-</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 51,791</u></u>	<u><u>\$ 63,733</u></u>	<u><u>\$ 11,942</u></u>

## **SPECIAL REVENUE FUNDS**

*Food Service*—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

*Athletics*—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

*Community Service*—to account for fees received for use in childcare and preschool services for residents of the District.

*Van Singel Fine Arts Center*—to account for admission fees, donations and interest earnings for use in the operation and maintenance of the District's fine arts performance center.

**BYRON CENTER PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 36,670	\$ 50,660
Accounts receivable	4,020	273
Due from other governmental units	7,691	7,711
Inventory	<u>14,518</u>	<u>10,561</u>
<b>Total Assets</b>	<u><u>\$ 62,899</u></u>	<u><u>\$ 69,205</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,186	\$ 108
Due to other funds	-	56,508
Due to other governmental units	976	-
Deferred revenue	<u>8,681</u>	<u>7,589</u>
<b>Total Liabilities</b>	<u>10,843</u>	<u>64,205</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>52,056</u>	<u>5,000</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 62,899</u></u>	<u><u>\$ 69,205</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
<b>Revenues</b>		
Local sources:		
Sales and admissions:		
Children's breakfasts	\$ 8,252	\$ 7,142
Children's lunches	455,569	405,486
Adult lunches	19,482	24,447
Milk sales	11,048	10,566
Ala carte	163,270	135,681
Catering	45,689	47,366
Other	4,747	3,298
	<u>708,057</u>	<u>633,986</u>
Interest earnings:		
Interest on deposits and investments	2,309	574
Total local sources	<u>710,366</u>	<u>634,560</u>
State sources	54,784	55,590
Federal sources	<u>293,204</u>	<u>273,861</u>
<b>Total Revenues</b>	<u>1,058,354</u>	<u>964,011</u>
<b>Expenditures</b>		
Current:		
Food service:		
Salaries:		
Supervisor	45,979	45,077
Food service	305,079	297,310
Employee benefits:		
Employee insurance	35,350	24,648
Retirement	54,356	48,465
Social Security	28,094	27,318
Workers' compensation insurance	6,453	6,855
Unemployment compensation	976	-
Cash in lieu of benefits	16,543	14,818
Local travel	579	576
Workshops and conferences	584	1,573
Telephone	488	493
Printing and binding	224	111
Equipment repair and maintenance	19,602	14,739
Equipment rental	2,149	2,884
Food	437,402	432,339
Gasoline, oil and grease	1,991	1,783
Uniforms	3,448	3,388
Other supplies and materials	45,482	42,436
Dues and fees	3,816	3,539
Miscellaneous	2,703	2,196
	<u>1,011,298</u>	<u>970,548</u>
<b>Total Expenditures</b>	<u>1,011,298</u>	<u>970,548</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>47,056</u>	<u>(6,537)</u>

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Other Financing Sources</b>		
Transfers in	<u>\$ -</u>	<u>\$ 6,537</u>
<b>Net Change in Fund Balances</b>	47,056	-
<b>Fund Balances, July 1</b>	<u>5,000</u>	<u>5,000</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 52,056</u></u>	<u><u>\$ 5,000</u></u>



**BYRON CENTER PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 16,184	\$ 5,389
Accounts receivable	21,547	-
Due from other funds	<u>-</u>	<u>3,090</u>
<b>Total Assets</b>	<u><u>\$ 37,731</u></u>	<u><u>\$ 8,479</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 4,020	\$ 3,090
Due to other funds	930	644
Due to other governmental units	<u>724</u>	<u>-</u>
<b>Total Liabilities</b>	<u>5,674</u>	<u>3,734</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>32,057</u>	<u>4,745</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 37,731</u></u>	<u><u>\$ 8,479</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Revenues</b>		
Local sources:		
Sales and admissions:		
Gate receipts	\$ 124,320	\$ 113,010
Fees	9,700	10,621
Rental of school facilities	9,425	19,257
Donations	24,767	19,656
Vending sales	4,198	4,783
Other revenue	26,293	17,785
	<u>198,703</u>	<u>185,112</u>
Interest earnings:		
Interest on deposits and investments	821	224
	<u>821</u>	<u>224</u>
<b>Total Revenues</b>	<u>199,524</u>	<u>185,336</u>
<b>Expenditures</b>		
Current:		
Athletics:		
Salaries:		
Director	77,000	68,759
Coaches	214,815	201,383
Clerical	18,063	17,283
Other	23,058	12,148
Employee benefits:		
Employee insurance	18,430	8,111
Retirement	53,919	42,924
Social Security	24,582	23,556
Workers' compensation insurance	1,147	1,159
Unemployment compensation	1,185	-
Other	2,000	-
Cash in lieu of benefits	5,899	4,702
Contracted services	21,422	25,992
Officials	33,811	28,049
Ambulance service	616	3,517
Local travel	1,351	1,770
Workshops and conferences	3,070	1,873
Telephone	690	1,178
Printing and binding	1,676	-
Equipment repair and maintenance	5,709	8,329
Other purchased services	683	-
Supplies	13,176	19,354
Uniforms	38,467	48,773
Resale supplies	17,907	28,824
New equipment and furniture	5,350	4,470
Dues and fees	18,681	15,059
Tournament and entry fees	8,112	20,966
Awards	4,856	7,419

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**Athletics Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
— Athletics: (Continued)		
Clinics	\$ 8,313	\$ 2,069
Banquets	<u>4,545</u>	<u>4,101</u>
<b>Total Expenditures</b>	<u>628,533</u>	<u>601,768</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(429,009)</u>	<u>(416,432)</u>
<b>Other Financing Sources</b>		
Transfers in	<u>456,321</u>	<u>405,609</u>
<b>Net Change in Fund Balances</b>	27,312	(10,823)
<b>Fund Balances, July 1</b>	<u>4,745</u>	<u>15,568</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 32,057</u></u>	<u><u>\$ 4,745</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Community Service Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 251,806	\$ 96,035
Accounts receivable	-	2,282
Due from other funds	-	6,852
<b>Total Assets</b>	<u><u>\$ 251,806</u></u>	<u><u>\$ 105,169</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other funds	\$ -	\$ 565
Due to other governmental units	300	-
Deferred revenue	<u>79,810</u>	<u>55,870</u>
<b>Total Liabilities</b>	<u>80,110</u>	<u>56,435</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>171,696</u>	<u>48,734</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 251,806</u></u>	<u><u>\$ 105,169</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Community Service Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
<b>Revenues</b>		
Local sources:		
Other local sources:		
Preschool fees	\$ 108,628	\$ 94,202
Driver education fees	38,428	34,339
Daycare fees	539,286	467,604
Leisure time fees	-	1,866
Fund raising	3,734	428
Miscellaneous	1,711	487
	<u>691,787</u>	<u>598,926</u>
Interest earnings:		
Interest on deposits and investments	5,458	887
	<u>5,458</u>	<u>887</u>
<b>Total Revenues</b>	<u>697,245</u>	<u>599,813</u>
<b>Expenditures</b>		
Current:		
Community services:		
Child care:		
Salaries:		
Supervisor	38,016	37,271
Teachers	65,802	90,260
Clerical	12,873	11,486
Paraprofessionals	191,105	176,447
Custodian	-	2,224
Employee benefits:		
Employee insurance	49,699	61,142
Retirement	42,162	39,189
Social Security	23,552	24,352
Workers' compensation insurance	1,251	1,114
Unemployment compensation	40	12,751
Cash in lieu of benefits	485	807
Local travel	309	63
Workshops and conferences	210	-
Field trips	612	434
Telephone	1,135	1,550
Utilities	11,548	8,157
Equipment repair and maintenance	452	458
Teaching supplies	943	483
Food	5,114	4,912
Office supplies	104	103
Miscellaneous supplies	4,294	1,502
New equipment and furniture	120	-
Dues and fees	35	665
Bank charges	2,632	2,900
	<u>452,493</u>	<u>478,270</u>
Preschool:		
Salaries:		
Supervisor	-	4,000
Teachers	40,961	38,709
Paraprofessionals	21,697	21,978
Substitutes	994	450

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**Community Service Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Preschool: (Continued)		
Employee benefits:		
Employee insurance	\$ 55	\$ 55
Retirement	10,277	9,596
Social Security	4,895	4,981
Workers' compensation insurance	233	150
Cash in lieu of benefits	315	-
Workshops and conferences	70	-
Field trips	1,380	-
Telephone	41	-
Teaching supplies	1,672	1,254
	<u>82,590</u>	<u>81,173</u>
Leisure time:		
Other salaries	-	538
Employee benefits:		
Retirement	-	70
Social Security	-	41
Workers' compensation insurance	-	55
Unemployment compensation	300	-
Purchased services	470	-
Supplies	-	2,764
	<u>770</u>	<u>3,468</u>
Driver education:		
Salaries:		
Supervisor	2,500	2,500
Teachers	18,769	16,878
Employee benefits:		
Retirement	3,239	2,662
Social Security	1,626	1,482
Workers' compensation insurance	84	84
Vehicle repair and maintenance	1,850	3,267
Vehicle lease	7,326	6,328
Teaching supplies	1,864	150
Gasoline, oil and grease	1,152	988
Dues and fees	20	-
	<u>38,430</u>	<u>34,339</u>
<b>Total Expenditures</b>	<u>574,283</u>	<u>597,250</u>
<b>Excess of Revenues Over Expenditures</b>	<u>122,962</u>	<u>2,563</u>
<b>Other Financing Sources</b>		
Transfers in	-	6,852
<b>Net Change in Fund Balances</b>	122,962	9,415
<b>Fund Balances, July 1</b>	<u>48,734</u>	<u>39,319</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 171,696</u></u>	<u><u>\$ 48,734</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**VanSingel Fine Arts Center Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 83,909	\$ 165,853
Prepaid expenditures	<u>17,235</u>	<u>25,375</u>
<b>Total Assets</b>	<u><u>\$ 101,144</u></u>	<u><u>\$ 191,228</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 5,906	\$ -
Deferred revenue	<u>31,505</u>	<u>41,540</u>
<b>Total Liabilities</b>	<u>37,411</u>	<u>41,540</u>
 <b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>63,733</u>	<u>149,688</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 101,144</u></u>	<u><u>\$ 191,228</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**VanSingel Fine Arts Center Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 3,350	\$ 1,701
Sales and admissions:		
Ticket sales	123,864	151,218
Other local sources:		
Advertising	4,350	5,620
Rental of facilities	21,008	25,780
Donations	85,113	96,562
Miscellaneous	5,838	6,854
	<u>116,309</u>	<u>134,816</u>
Total local sources	243,523	287,735
Interdistrict sources:		
Theater arts program	76,536	73,395
<b>Total Revenues</b>	<u>320,059</u>	<u>361,130</u>
<b>Expenditures</b>		
Current:		
Community services:		
Community and special projects:		
Salaries:		
Technical director	19,625	17,283
Teachers	50,746	49,836
Administrative assistant	35,988	35,449
Support personnel	14,662	20,472
Employee benefits:		
Employee insurance	13,785	12,670
Retirement	18,759	16,332
Social Security	9,156	9,301
Workers' compensation insurance	391	443
Production hospitality	14,762	13,557
Contracted services	6,328	12,690
Travel and lodging	128	157
Telephone	417	-
Postage and mailing	13,722	9,726
Advertising	15,750	16,448
Printing and binding	25,330	15,528
Utilities	12,520	12,153
Equipment repair and maintenance	1,767	1,327
Equipment rental	6,680	1,583
Production contracts	119,050	75,500
Other supplies and materials	20,211	11,310
New furniture and equipment	15,500	4,086
Dues and fees	1,171	1,566

(Continued)



**BYRON CENTER PUBLIC SCHOOLS**  
**VanSingel Fine Arts Center Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2006 and 2005**

	2006	2005
Community and special projects: (Continued)		
Bank charges and fees	\$ 2,086	\$ 2,238
Miscellaneous	-	181
<b>Total Expenditures</b>	<u>418,534</u>	<u>339,836</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(98,475)</u>	<u>21,294</u>
<b>Other Financing Sources</b>		
Transfers in	<u>12,520</u>	<u>12,153</u>
<b>Net Change in Fund Balances</b>	(85,955)	33,447
<b>Fund Balances, July 1</b>	<u>149,688</u>	<u>116,241</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 63,733</u></u>	<u><u>\$ 149,688</u></u>

## **DEBT SERVICE FUNDS**

*Debt Service Funds*—To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

**BYRON CENTER PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2006**

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	<u>1995</u>	<u>1997</u>	<u>1998</u>	<u>2001</u>
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 33,769	\$ 28,858	\$ 188,102	\$ 37,220
Taxes receivable	<u>8,086</u>	<u>3,347</u>	<u>10,307</u>	<u>9,868</u>
<b>Total Assets</b>	<u><u>\$ 41,855</u></u>	<u><u>\$ 32,205</u></u>	<u><u>\$ 198,409</u></u>	<u><u>\$ 47,088</u></u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue	<u>8,086</u>	<u>3,347</u>	<u>10,307</u>	<u>9,868</u>
<b>Total Liabilities</b>	<u>8,086</u>	<u>3,347</u>	<u>10,307</u>	<u>9,868</u>
<b>Fund Balances</b>				
Reserved for debt service	<u>33,769</u>	<u>28,858</u>	<u>188,102</u>	<u>37,220</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 41,855</u></u>	<u><u>\$ 32,205</u></u>	<u><u>\$ 198,409</u></u>	<u><u>\$ 47,088</u></u>

2005	Totals	
	2006	2005
\$ 19,888	\$ 307,837	\$ 288,589
236	31,844	63,977
<u>\$ 20,124</u>	<u>\$ 339,681</u>	<u>\$ 352,566</u>
\$ -	\$ -	\$ 300
236	31,844	63,977
<u>236</u>	<u>31,844</u>	<u>64,277</u>
19,888	307,837	288,289
<u>\$ 20,124</u>	<u>\$ 339,681</u>	<u>\$ 352,566</u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2006**

	1995	1997	1998	2001
<b>Revenues</b>				
Local sources:				
Property taxes:				
Current property taxes	\$ 184,099	\$ 199,317	\$ 2,682,462	\$ 2,008,378
Industrial facilities taxes	1,496	1,089	11,310	8,604
Delinquent property taxes	4,868	1,474	4,563	2,996
Interest on delinquent taxes	2,419	792	4,134	2,273
	<u>192,882</u>	<u>202,672</u>	<u>2,702,469</u>	<u>2,022,251</u>
Interest earnings:				
Interest on deposits and investments	3,612	5,279	35,411	9,874
	<u>3,612</u>	<u>5,279</u>	<u>35,411</u>	<u>9,874</u>
<b>Total Revenues</b>	<u>196,494</u>	<u>207,951</u>	<u>2,737,880</u>	<u>2,032,125</u>
<b>Expenditures</b>				
Debt service:				
Principal repayment	-	200,000	1,470,000	1,075,000
Interest and fiscal charges:				
Interest expense	227,700	28,200	1,207,743	2,283,000
Paying agent fees	400	300	300	250
Tax refunds	19	21	279	209
Bond issuance costs	-	-	-	-
Underwriter's discount	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>228,119</u>	<u>228,521</u>	<u>2,678,322</u>	<u>3,358,459</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(31,625)</u>	<u>(20,570)</u>	<u>59,558</u>	<u>(1,326,334)</u>
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Loan proceeds	-	-	-	1,353,744
Other	-	-	-	-
Payments to escrow agent	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,353,744</u>
<b>Net Change in Fund Balances</b>	<u>(31,625)</u>	<u>(20,570)</u>	<u>59,558</u>	<u>27,410</u>
<b>Fund Balances, July 1</b>	<u>65,394</u>	<u>49,428</u>	<u>128,544</u>	<u>9,810</u>
<b>Fund Balances, June 30</b>	<u>\$ 33,769</u>	<u>\$ 28,858</u>	<u>\$ 188,102</u>	<u>\$ 37,220</u>

2005	Totals	
	2006	2005
\$ 291,218	\$ 5,365,474	\$ 4,896,229
1,144	23,643	26,367
27	13,928	11,190
232	9,850	5,963
292,621	5,412,895	4,939,749
3,651	57,827	18,314
296,272	5,470,722	4,958,063
75,000	2,820,000	2,250,000
236,226	3,982,869	3,999,611
241	1,491	1,491
30	558	2,074
-	-	67,330
-	-	37,590
311,497	6,804,918	6,358,096
(15,225)	(1,334,196)	(1,400,033)
-	-	5,370,000
-	-	110,465
-	1,353,744	1,414,500
-	-	3,925
-	-	(5,515,544)
-	1,353,744	1,383,346
(15,225)	19,548	(16,687)
35,113	288,289	304,976
\$ 19,888	\$ 307,837	\$ 288,289

## **CAPITAL PROJECTS FUNDS**

*Building and Site*—to account for property tax revenues and interest earnings used to finance building improvements projects.

*2001 Construction*—to account for bond proceeds used to finance building construction and improvement projects.

**BYRON CENTER PUBLIC SCHOOLS**  
**Building and Site Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 142,026	\$ 305,136
Receivable:		
Taxes	4,353	9,153
Accounts	<u>-</u>	<u>9,097</u>
<b>Total Assets</b>	<u><u>\$ 146,379</u></u>	<u><u>\$ 323,386</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 334,612
Deferred revenue	<u>4,353</u>	<u>9,153</u>
<b>Total Liabilities</b>	<u>4,353</u>	<u>343,765</u>
<b>Fund Balances</b>		
Reserved for capital outlay	<u>142,026</u>	<u>(20,379)</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 146,379</u></u>	<u><u>\$ 323,386</u></u>



**BYRON CENTER PUBLIC SCHOOLS**  
**Building and Site Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Revenues</b>		
Local sources:		
Property taxes:		
Current property taxes	\$ 753,797	\$ 688,026
Industrial facilities taxes	3,371	3,705
Delinquent property taxes	2,017	1,516
Interest on delinquent taxes	1,391	840
Total property taxes	<u>760,576</u>	<u>694,087</u>
Interest earnings:		
Interest on deposits investments	<u>32,252</u>	<u>13,143</u>
Other local sources:		
Refunds of prior years expenditures	-	40,026
Miscellaneous	23,626	-
Total other local sources	<u>23,626</u>	<u>40,026</u>
<b>Total Revenues</b>	<u>816,454</u>	<u>747,256</u>
<b>Expenditures</b>		
Capital outlay:		
Architect services	15,133	117,344
Land improvements	1,061,077	996,216
Insurance	-	1,082
Building additions and improvements	250,756	249,277
Tax refunds	78	291
Debt service:		
Interest expense	<u>42,005</u>	<u>-</u>
<b>Total Expenditures</b>	<u>1,369,049</u>	<u>1,364,210</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(552,595)</u>	<u>(616,954)</u>
<b>Other Financing Sources</b>		
Loan proceeds	<u>715,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	162,405	(616,954)
<b>Fund Balances, July 1</b>	<u>(20,379)</u>	<u>596,575</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 142,026</u></u>	<u><u>\$ (20,379)</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**2001 Construction Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2006 and 2005**

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	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash equivalents, deposits and investments	<u>\$ 1,147,214</u>	<u>\$ 5,697,754</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ 70,528</u>	<u>\$ 373,679</u>
<b>Fund Balances</b>		
Reserved for capital outlay	<u>1,076,686</u>	<u>5,324,075</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,147,214</u>	<u>\$ 5,697,754</u>

**BYRON CENTER PUBLIC SCHOOLS**  
**2001 Construction Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on investments	\$ 128,969	\$ (64,752)
Other local sources:		
Refund of prior year expenditures	<u>9,478</u>	<u>-</u>
<b>Total Revenues</b>	<u>138,447</u>	<u>(64,752)</u>
<b>Expenditures</b>		
Capital outlay:		
Architect fees	40,066	260,661
Construction manager fees	146,013	266,044
Financial consultant fees	1,263	2,286
Other professional fees	1,047	27,363
Insurance	100	3,721
Land improvements	348,965	518,462
Building additions and improvements	2,564,972	7,384,480
New equipment and furniture	1,281,084	2,810,936
Miscellaneous	<u>2,326</u>	<u>1,539</u>
<b>Total Expenditures</b>	<u>4,385,836</u>	<u>11,275,492</u>
<b>Net Change in Fund Balances</b>	(4,247,389)	(11,340,244)
<b>Fund Balances, July 1</b>	<u>5,324,075</u>	<u>16,664,319</u>
<b>Fund Balances, June 30</b>	<u><u>\$ 1,076,686</u></u>	<u><u>\$ 5,324,075</u></u>

## **AGENCY FUND**

*Student Activities*—to account for the collection and disbursements of monies used by the school activity clubs and groups.

**BYRON CENTER PUBLIC SCHOOLS**  
**Student Activities Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**For the year ended June 30, 2006**

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	<u>Balances</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2006</u>
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 185,699	\$ 457,026	\$ 454,343	\$ 186,522
Due from other funds	<u>-</u>	<u>-</u>	<u>930</u>	<u>930</u>
<b>Total Assets</b>	<u><u>\$ 185,699</u></u>	<u><u>\$ 457,026</u></u>	<u><u>\$ 455,273</u></u>	<u><u>\$ 187,452</u></u>
<b>Liabilities</b>				
Due to student groups	<u><u>\$ 185,699</u></u>	<u><u>\$ 457,026</u></u>	<u><u>\$ 455,273</u></u>	<u><u>\$ 187,452</u></u>

## **OTHER INFORMATION**

**BYRON CENTER PUBLIC SCHOOLS**  
**Summary of 2005 Taxes Levied and Collected**  
**For the year ended June 30, 2006**

	Allegan County	Kent County			
		Townships of		City of	
	Dorr	Byron	Gaines	Wyoming	Total
<b>Taxable Valuations</b>					
Operating	\$ -	\$256,688,317	\$16,978,966	\$ 1,648,938	\$275,316,221
Debt Service/Building and Site	87,625	664,295,515	100,800,818	1,648,938	766,832,896
<b>Rates (Mills)</b>					
General Fund					18.0000
1995 Debt Service Fund					1.6700
1997 Debt Service Fund					0.6400
1998 Debt Service Fund					1.8800
2001 Debt Service Fund					2.7600
2005 Debt Service Fund					0.0500
Building and Site Fund					0.9835
					<u>25.9835</u>
<b>Taxes Levied 2005 Rolls</b>					
General Fund	\$ -	\$ 4,518,493	\$ 307,205	\$ 29,681	\$ 4,855,379
1995 Debt Service Fund	-	159,428	24,191	396	184,015
1997 Debt Service Fund	-	172,714	26,208	429	199,351
1998 Debt Service Fund	-	2,324,994	352,797	5,771	2,683,562
2001 Debt Service Fund	230	1,740,424	264,095	4,320	2,009,069
2005 Debt Service Fund	-	252,428	38,304	626	291,358
Building and Site Fund	86	653,323	99,125	1,622	754,156
	<u>316</u>	<u>9,821,804</u>	<u>1,111,925</u>	<u>42,845</u>	<u>10,976,890</u>
<b>Taxes Uncollected 2005 Rolls</b>					
General Fund	-	8,302	211	-	8,513
1995 Debt Service Fund	-	111	2	-	113
1997 Debt Service Fund	-	120	3	-	123
1998 Debt Service Fund	-	1,615	41	-	1,656
2001 Debt Service Fund	-	1,209	31	-	1,240
2005 Debt Service Fund	-	175	5	-	180
Building and Site Fund	-	453	12	-	465
	<u>-</u>	<u>11,985</u>	<u>305</u>	<u>-</u>	<u>12,290</u>
<b>Taxes Collected 2005 Rolls</b>					
General Fund	-	4,510,191	306,994	29,681	4,846,866
1995 Debt Service Fund	-	159,317	24,189	396	183,902
1997 Debt Service Fund	-	172,594	26,205	429	199,228
1998 Debt Service Fund	-	2,323,379	352,756	5,771	2,681,906
2001 Debt Service Fund	230	1,739,215	264,064	4,320	2,007,829
2005 Debt Service Fund	-	252,253	38,299	626	291,178
Building and Site Fund	86	652,870	99,113	1,622	753,691
	<u>316</u>	<u>9,809,819</u>	<u>1,111,620</u>	<u>42,845</u>	<u>10,964,600</u>
<b>Delinquent Taxes Collected</b>					
General Fund	-	17,702	79	-	17,781
1995 Debt Service Fund	-	1,617	10	-	1,627
1997 Debt Service Fund	-	685	3	-	688
1998 Debt Service Fund	-	1,902	10	-	1,912
2001 Debt Service Fund	-	2,989	7	-	2,996
2005 Debt Service Fund	-	27	-	-	27
Building and Site Fund	-	1,065	4	-	1,069
	<u>-</u>	<u>25,987</u>	<u>113</u>	<u>-</u>	<u>26,100</u>

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**Summary of 2005 Taxes Levied and Collected**  
**For the year ended June 30, 2006**

	Allegan County	Kent County			
		Townships of		City of	
	Dorr	Byron	Gaines	Wyoming	Total
<b>Total Taxes Collected</b>					
General Fund	\$ -	\$ 4,527,893	\$ 307,073	\$ 29,681	\$ 4,864,647
1995 Debt Service Fund	-	160,934	24,199	396	185,529
1997 Debt Service Fund	-	173,279	26,208	429	199,916
1998 Debt Service Fund	-	2,325,281	352,766	5,771	2,683,818
2001 Debt Service Fund	230	1,742,204	264,071	4,320	2,010,825
2005 Debt Service Fund	-	252,280	38,299	626	291,205
Building and Site Fund	86	653,935	99,117	1,622	754,760
	<u>\$ 316</u>	<u>\$ 9,835,806</u>	<u>\$ 1,111,733</u>	<u>\$ 42,845</u>	<u>\$ 10,990,700</u>
<b>Taxes Uncollected – June 30, 2006</b>					
General Fund:					
2005	\$ -	\$ 8,302	\$ 211	\$ -	\$ 8,513
2004	-	19,735	221	-	19,956
2003	-	45,825	4,799	-	50,624
	-	<u>73,862</u>	<u>5,231</u>	-	<u>79,093</u>
1995 Debt Service Fund:					
2005	-	111	2	-	113
2004	-	1,830	18	-	1,848
2003	-	5,583	542	-	6,125
	-	<u>7,524</u>	<u>562</u>	-	<u>8,086</u>
1997 Debt Service Fund:					
2005	-	120	3	-	123
2004	-	1,154	8	-	1,162
2003	-	1,849	213	-	2,062
	-	<u>3,123</u>	<u>224</u>	-	<u>3,347</u>
1998 Debt Service Fund:					
2005	-	1,615	41	-	1,656
2004	-	2,061	21	-	2,082
2003	-	5,982	586	-	6,568
	-	<u>9,658</u>	<u>648</u>	-	<u>10,306</u>
2001 Debt Service Fund:					
2005	-	1,209	31	-	1,240
2004	-	3,026	40	-	3,066
2003	-	5,042	521	-	5,563
	-	<u>9,277</u>	<u>592</u>	-	<u>9,869</u>
2005 Debt Service Fund:					
2005	-	175	5	-	180
2004	-	55	1	-	56
	-	<u>230</u>	<u>6</u>	-	<u>236</u>
Building and Site Fund:					
2005	-	453	12	-	465
2004	-	982	12	-	994
2003	-	2,632	262	-	2,894
	-	<u>4,067</u>	<u>286</u>	-	<u>4,353</u>
<b>Total Taxes Uncollected</b>	<u>\$ -</u>	<u>\$ 107,741</u>	<u>\$ 7,549</u>	<u>\$ -</u>	<u>\$ 115,290</u>



**BYRON CENTER PUBLIC SCHOOLS**  
**Long-Term Debt**  
**Schedule of Principal and Interest Payments**  
**\$37,690,000 General Obligation Building and Site Bonds (Non-Refunded Portion) Dated May 1, 1995**

Year Ended 30-Jun	Rate %	Principal	Interest		Total
		May-1	November-1	May-1	
2007	8.250	\$ -	\$113,850	\$113,850	<b>\$227,700</b>
2008		1,380,000	113,850	113,850	<b>1,607,700</b>
2009		1,380,000	56,925	56,925	<b>1,493,850</b>
		<u>\$2,760,000</u>	<u>\$284,625</u>	<u>\$284,625</u>	<u><b>\$3,329,250</b></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Long-Term Debt**  
**Schedule of Principal and Interest Payments**  
**\$5,730,000 General Obligation Building and Site Bonds Dated May 1, 1997**

<b>Year Ended 30-Jun</b>	<b>Rate %</b>	<b>Principal</b>	<b>Interest</b>		<b>Total</b>
		<b>May-1</b>	<b>November-1</b>	<b>May-1</b>	
2007	6.900	\$200,000	\$6,900	\$6,900	<b>\$213,800</b>

**BYRON CENTER PUBLIC SCHOOLS**  
**Long-Term Debt**  
**Schedule of Principal and Interest Payments**  
**\$24,895,000 General Obligation Building and Site Bonds Dated May 1, 1998**

Year Ended 30-Jun	Rate %	Principal	Interest		Total
		May-1	November-1	May-1	
2007	5.400	\$1,470,000	\$567,121	\$567,121	<b>\$2,604,242</b>
2008	8.250	110,000	530,371	530,371	<b>1,170,742</b>
2009		115,000	527,841	527,841	<b>1,170,682</b>
2010	5.875	1,555,000	525,196	525,196	<b>2,605,392</b>
2011		1,545,000	488,654	488,654	<b>2,522,308</b>
2012	5.970	1,580,000	451,574	451,574	<b>2,483,148</b>
2013		1,570,000	412,864	412,864	<b>2,395,728</b>
2014		1,560,000	372,829	372,829	<b>2,305,658</b>
2015		1,545,000	332,659	332,659	<b>2,210,318</b>
2016	5.875	1,340,000	292,875	292,875	<b>1,925,750</b>
2017		1,335,000	259,375	259,375	<b>1,853,750</b>
2018		1,325,000	226,000	226,000	<b>1,777,000</b>
2019		1,310,000	192,875	192,875	<b>1,695,750</b>
2020		1,305,000	160,125	160,125	<b>1,625,250</b>
2021		1,295,000	127,500	127,500	<b>1,550,000</b>
2022		1,280,000	95,125	95,125	<b>1,470,250</b>
2023		1,270,000	63,125	63,125	<b>1,396,250</b>
2024		1,255,000	31,375	31,375	<b>1,317,750</b>
		<b>\$22,765,000</b>	<b>\$5,657,484</b>	<b>\$5,657,484</b>	<b>\$34,079,968</b>

**BYRON CENTER PUBLIC SCHOOLS**  
**Long-Term Debt**  
**Schedule of Principal and Interest Payments**  
**\$47,170,000 General Obligation Building and Site Bonds Dated November 13, 2001**

<b>Year Ended 30-Jun</b>	<b>Rate %</b>	<b>Principal</b>	<b>Interest</b>		<b>Total</b>
		<b>May-1</b>	<b>November-1</b>	<b>May-1</b>	
2007	4.500	\$1,225,000	\$1,117,312	\$1,117,312	<b>\$3,459,624</b>
2008		1,425,000	1,089,750	1,089,750	<b>3,604,500</b>
2009	5.000	1,600,000	1,057,688	1,057,688	<b>3,715,376</b>
2010		1,700,000	1,017,687	1,017,687	<b>3,735,374</b>
2011		1,775,000	975,188	975,188	<b>3,725,376</b>
2012	5.500	1,775,000	930,812	930,812	<b>3,636,624</b>
2013		1,800,000	882,000	882,000	<b>3,564,000</b>
2014		1,800,000	832,500	832,500	<b>3,465,000</b>
2015		1,800,000	783,000	783,000	<b>3,366,000</b>
2016		1,800,000	733,500	733,500	<b>3,267,000</b>
2017		1,800,000	684,000	684,000	<b>3,168,000</b>
2018		1,800,000	634,500	634,500	<b>3,069,000</b>
2019	5.000	1,800,000	585,000	585,000	<b>2,970,000</b>
2020		1,800,000	540,000	540,000	<b>2,880,000</b>
2021		1,800,000	495,000	495,000	<b>2,790,000</b>
2022		1,800,000	450,000	450,000	<b>2,700,000</b>
2023		1,800,000	405,000	405,000	<b>2,610,000</b>
2024		1,800,000	360,000	360,000	<b>2,520,000</b>
2025		1,800,000	315,000	315,000	<b>2,430,000</b>
2026		1,800,000	270,000	270,000	<b>2,340,000</b>
2027		1,800,000	225,000	225,000	<b>2,250,000</b>
2028		1,800,000	180,000	180,000	<b>2,160,000</b>
2029		1,800,000	135,000	135,000	<b>2,070,000</b>
2030		1,800,000	90,000	90,000	<b>1,980,000</b>
2031		1,800,000	45,000	45,000	<b>1,890,000</b>
		<b>\$43,700,000</b>	<b>\$14,832,937</b>	<b>\$14,832,937</b>	<b>\$73,365,874</b>

**BYRON CENTER PUBLIC SCHOOLS**  
**Long-Term Debt**  
**Schedule of Principal and Interest Payments**  
**\$5,370,000 General Obligation Building and Site Bonds Dated March 2, 2005**

<b>Year Ended 30-Jun</b>	<b>Rate %</b>	<b>Principal</b>	<b>Interest</b>		<b>Total</b>
		<b>May-1</b>	<b>November-1</b>	<b>May-1</b>	
2007	2.750	\$110,000	\$100,544	\$100,544	<b>\$311,088</b>
2008	3.000	245,000	99,031	99,031	<b>443,062</b>
2009		265,000	95,356	95,356	<b>455,712</b>
2010	3.250	325,000	91,381	91,382	<b>507,763</b>
2011	3.500	360,000	86,100	86,100	<b>532,200</b>
2012	4.000	360,000	79,800	79,800	<b>519,600</b>
2013		360,000	72,600	72,600	<b>505,200</b>
2014		360,000	65,400	65,400	<b>490,800</b>
2015		360,000	58,200	58,200	<b>476,400</b>
2016		360,000	51,000	51,000	<b>462,000</b>
2017		365,000	43,800	43,800	<b>452,600</b>
2018		365,000	36,500	36,500	<b>438,000</b>
2019		365,000	29,200	29,200	<b>423,400</b>
2020		365,000	21,900	21,900	<b>408,800</b>
2021		365,000	14,600	14,600	<b>394,200</b>
2022		365,000	7,300	7,300	<b>379,600</b>
		<b>\$5,295,000</b>	<b>\$952,712</b>	<b>\$952,713</b>	<b>\$7,200,425</b>

**BYRON CENTER  
PUBLIC SCHOOLS**  
**Kent County, Michigan**

Auditor's Report On Compliance  
For Federal Grant Programs

For the year ended June 30, 2006

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## **BYRON CENTER PUBLIC SCHOOLS**

For the year ended June 30, 2006

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Hungerford, Aldrin,  
Nichols & Carter, P.C.  
CPAs AND CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

August 25, 2006

The Board of Education  
Byron Center Public Schools  
Byron Center, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Byron Center Public Schools as of and for the year ended June 30, 2006, which collectively comprise Byron Center Public School's basic financial statements and have issued our report thereon dated August 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Byron Center Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we considered to be material weaknesses.



The Board of Education  
Byron Center Public Schools  
August 25, 2006

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Byron Center Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hungerford, Aldrin, Nichols & Barten, P.C.*

Certified Public Accountants

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

August 25, 2006

The Board of Education  
Byron Center Public Schools  
Byron Center, Michigan

**Compliance**

We have audited the compliance of Byron Center Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Byron Center Public School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Byron Center Public School's management. Our responsibility is to express an opinion of Byron Center Public School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Byron Center Public School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Byron Center Public School's compliance with those requirements.

In our opinion, Byron Center Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

The Board of Education  
Byron Center Public Schools  
August 25, 2006

### **Internal Control Over Compliance**

The management of Byron Center Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Byron Center Public School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Byron Center Public Schools as of and for the year ended June 30, 2006, and have issued our report thereon dated August 25, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Byron Center Public School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hungerford, Aldrin, Nichols & Horton, P.C.*

Certified Public Accountants

## ***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

### **BYRON CENTER PUBLIC SCHOOLS**

For the year ended June 30, 2006

<b>Federal Grantor Pass Through Grantor Program Title Grant Number</b>	<b>Federal CFDA Number</b>	<b>Approved Grant Award Amount</b>
<b>U.S. Department of Education</b>		
Passed through Michigan Department of Education (MDE):		
Title I:	84.010	
0615300506		<u>\$85,823</u>
Title IIA:	84.367	
0505200405		75,204
0505200506		56,446
0605200506		<u>78,697</u>
Total Title IIA		<u>210,347</u>
Title V:	84.298	
0602500506		<u>1,230</u>
Total Passed Through MDE		<u>297,400</u>
Passed through Kent Intermediate School District (KISD):		
Safe and Drug Free Schools and Communities Act:	84.186	
2004-05 Program		5,656
2005-06 Program		<u>3,918</u>
Total Safe Drug Free Schools and Communities Act		<u>9,574</u>
Special Education Cluster:		
I.D.E.A. – Flow Through:	84.027	
Flow Through – 0504500405		495,941
Flow Through – 0604500506		<u>513,400</u>
Total I.D.E.A. – Flow Through		<u>1,009,341</u>
I.D.E.A. –TMT/Transition:	84.027A	
050480 - TMT		581
Transition - 0604900506		<u>1,279</u>
Total I.D.E.A. –TMT/Transition		<u>1,860</u>

(Continued)

<b>Accrued (Deferred) Revenue July 1, 2005</b>	<b>(Memo Only) Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Current Year Receipts (Cash Basis)</b>	<b>Accrued (Deferred) Revenue June 30, 2006</b>
		\$36,196	\$32,179	\$4,017
\$16,011	\$18,757	56,446 36,914	16,011 56,446 24,934	11,980
16,011	18,757	93,360	97,391	11,980
	1,755	1,230	1,230	
16,011	20,512	130,786	130,800	15,997
644	2,251	3,405 3,918	4,049 3,918	
644	2,251	7,323	7,967	—
132,582	495,941	513,400	132,582 311,974	201,426
132,582	495,941	513,400	444,556	201,426
581	581 862	1,279	581 1,279	
581	1,443	1,279	1,860	—

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)****BYRON CENTER PUBLIC SCHOOLS**

For the year ended June 30, 2006

<b>Federal Grantor Pass Through Grantor Program Title Grant Number</b>	<b>Federal CFDA Number</b>	<b>Approved Grant Award Amount</b>
I.D.E.A. – Preschool:	84.173	
Preschool – 0504600405		\$28,093
Preschool – 0604600506		27,764
Total I.D.E.A. – Preschool		55,857
Total Special Education Cluster		1,067,058
Total Passed Through Intermediate School District		1,076,632
<b>Total U.S. Department of Education</b>		1,374,032
<b>U.S. Department of Health and Human Services</b>		
Passed Through Michigan Department of Education (MDE)		
Passed Through Kent Intermediate School District (KISD):		
Early Childhood Services	93.577	720
School Based Medicaid	93.778	4,037
<b>Total U.S. Department of Health and Human Services</b>		4,757
<b>U.S. Department of Homeland Securities</b>		
Passed Through Michigan State Police:		
Homeland Security Training	97.004	7,473
<b>Total U.S. Department of Homeland Security</b>		7,473
<b>U.S. Department of Agriculture Nutrition Cluster</b>		
Passed Through Michigan Department of Education (MDE):		
National School Lunch Program:		
Lunches:		
Section 4 – Total Servings – 1950	10.555	61,761
Section 11 – Free and Reduced – 1960		159,523
Total Lunches		221,284

(Continued)

<b>Accrued (Deferred) Revenue July 1, 2005</b>	<b>(Memo Only) Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Current Year Receipts (Cash Basis)</b>	<b>Accrued (Deferred) Revenue June 30, 2006</b>
\$12,937	\$28,093	\$27,764	\$12,937 17,466	\$10,298
12,937	28,093	27,764	30,403	10,298
146,100	525,477	542,443	476,819	211,724
146,744	527,728	549,766	484,786	211,724
162,755	548,240	680,552	615,586	227,721
		720	720	
	1,031	4,037	4,037	
—	1,031	4,757	4,757	—
	298	7,473	7,473	
—	298	7,473	7,473	—
	56,203 138,971	61,761 159,523	61,761 159,523	
—	195,174	221,284	221,284	—

## ***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)***

### **BYRON CENTER PUBLIC SCHOOLS**

For the year ended June 30, 2006

<b>Federal Grantor Pass Through Grantor Program Title Grant Number</b>	<b>Federal CFDA Number</b>	<b>Approved Grant Award Amount</b>
Breakfast:		
Total Servings – 1970	10.553	\$7,476
Free and Reduced – 1970		<u>26,408</u>
Total Breakfast		<u>33,884</u>
 Special Milk – 1940	 10.556	 <u>1,066</u>
USDA Commodities:		
Bonus Commodities	10.550	682
Entitlement Commodities		<u>36,288</u>
Total USDA Commodities		<u>36,970</u>
 <b>Total U.S. Department of Agriculture     (Passed Through MDE)</b>		 <u>293,204</u>
 <b>Total Federal Financial Assistance</b>		 <u><u>\$1,679,466</u></u>

- Notes:
1. This schedule was prepared using accounting policies consistent with those used in preparing the Basic Financial Statements.
  2. The amounts reported on the R7120, Grant Section Auditors Report, reconcile with this schedule.
  3. The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with this schedule for USDA donated food commodities.



<b>Accrued (Deferred) Revenue July 1, 2005</b>	<b>(Memo Only) Prior Year Expenditures</b>	<b>Current Year Expenditures</b>	<b>Current Year Receipts (Cash Basis)</b>	<b>Accrued (Deferred) Revenue June 30, 2006</b>
	\$6,143	\$7,476	\$7,476	
	20,266	26,408	26,408	
—	26,409	33,884	33,884	—
	2,349	1,066	1,066	
	5,254	682	682	
	44,674	36,288	36,288	
—	49,928	36,970	36,970	—
—	273,860	293,204	293,204	—
\$162,755	\$823,429	\$985,986	\$921,020	\$227,721



## ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)***

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### **BYRON CENTER PUBLIC SCHOOLS**

For the year ended June 30, 2006

#### **Section I – Summary of Auditor’s Results (Continued)**

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Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

  X   Yes             No

#### **Section II – Financial Statement Findings**

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No matters reported.

#### **Section III – Federal Award Findings and Questioned Costs**

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No matters reported.

## ***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

### **BYRON CENTER PUBLIC SCHOOLS**

For the year ended June 30, 2006

#### **Note A - Federal Income Reconciliation**

	<b>Grant Expenditures Per Schedule of Federal Financial Assistance</b>	<b>Federal Revenue General Purpose Financial Statements</b>	<b>Difference</b>
Title I	\$36,196	\$36,196	
Title IIA	93,360	93,360	
Title V	1,230	1,230	
Safe and Drug Free Schools and Communities Act	7,323	7,323	
I.D.E.A.	542,443	542,443	
Early Childhood Services (Note 1)	720		\$720
School Based Medicaid	4,037	4,037	
Homeland Security	7,473	7,473	
Nutrition Cluster	293,204	293,204	
	<b>\$985,986</b>	<b>\$985,266</b>	<b>\$720</b>

Note 1 - This grant was reported as a reduction of expenditures in 2005-06 financial statements.

Hungerford, Aldrin,  
Nichols & Carter, P.C.  

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C P A s A N D C O N S U L T A N T S

August 25, 2006

The Board of Education  
Byron Center Public Schools

The following comments pertain to our audit of the financial records of Byron Center Public Schools as of and for the year ended June 30, 2006. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the District's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Byron Center Public Schools:

### **Auditors Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Byron Center Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Byron Center Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Byron Center Public School's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Byron Center Public School's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Byron Center Public School's compliance with those requirements.

### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Byron Center Public Schools are described in Note A to the financial statements.

### **Difficulties Encountered In Performing The Audit**

We encountered no significant difficulties in performing the audit of the financial statements of Byron Center Public Schools for the year ended June 30, 2006. We found the internal control structure and accounting system to be basically adequate and operating in the manner intended.

## **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. During the course of our audit the following adjustments of a significant nature were made to the accounting records of the District to bring the balances to those presented in the financial statements:

### **General Fund**

1. \$73,966 to write off 2002 delinquent personal property taxes uncollected at June 30, 2006.
2. \$66,269 to record final KISD transportation charges for the 2005-06 fiscal year.

## **Proposed Audit Adjustments**

There were no material adjustments proposed during the audit not recorded by Byron Center Public Schools.

## **Suggestions And Recommendations**

We offered suggestions and recommendations regarding the day-to-day operations of the accounting system of Byron Center Public Schools to the Business Manager as the topics arose during the course of our audit fieldwork. Hopefully, these suggestions will ease the day-to-day operations of the business office and assist in more efficient monthly and year-end financial record keeping and reporting.

## **Other Comments**

The General Fund balance of the District increased by \$418,398 to \$4,444,291 at June 30, 2006. This balance represents 15.26 percent of the District's 2005-06 expenditure budget, up slightly from 15 percent at June 30, 2005. Maintaining a fund balance of at least 20 percent of the ensuing year's expenditure budget is advisable for Byron Center Public Schools. This gives the District more stable operating funds during the year, helps avoid or reduce the necessity of borrowing for short-term cash flow purposes and acts as a buffer against the uncertainty of state aid revenues accruing to the District. In addition, employee benefit costs are expected to increase significantly in the next few years, which will require the use of fund balance reserves considering the expectation of small (or no) real growth in state aid revenues.

Our audit this year was again completed under the requirements of Statement on Auditing Standards No. 99 "Consideration of Fraud in a Financial Statement Audit" (SAS No. 99), which requires both auditors and their clients to more directly and openly assess those areas within a school district that might be susceptible to fraudulent activity, which would normally include those areas outside the central office that handle cash, inventory, supplies, etc. This is an important audit standard that requires increased face-to-face discussions/interviews with client personnel and extensive documentation of our findings for future reference. We found that Byron Center Public Schools has a very extensive network of internal

controls within its accounting and record keeping system, and found those tested this year to be operating in the manner intended. Working with District business office personnel, we will be testing other control areas each year as a part of our audit, with suggestions and recommendations to follow the testing each year, to assist the District in maintaining and improving its systems.

This communication is intended solely for the information and use of the Byron Center Public Schools Board of Education, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Education as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Byron Center Public Schools and hope to continue to do so in the future. We also appreciate the dedication and cooperation of the District's administration and accounting personnel in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communications, we will be happy to address them.

A handwritten signature in black ink, reading "Hungenford, Alden, Nichols & Co., P.C." in a cursive script.

Certified Public Accountants